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**GUIDE TO THE PHENOMENON OF STATE**  
**(Manifesto of the State's Nature)**

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## On the nature of property

Property is a far too profound and fundamental social category and whatever people generally understand under the definition of property is a rather superficial part of this enormously important and all-determinative phenomenon. Generally everything in our economic life and in our social world (with very rare exceptions) is the property just like everything in the known to us Universe is matter and energy.

In order to understand the phenomenon of property in all its complexity, first of all, we need to realize that property originally and essentially is having its roots neither in law nor in economic activity. Property is not determined by economic factors simply because not all property acquisitions are being generated within economic activity. At least two other major types of property acquisition besides economic acquisition can be identified – acquisitions based on power and coercion and “rights of primary occupation”. Economic activity thus is only one method of property appropriation. Instead, it is a single method of property multiplication or of property creation and in this sense it cannot be overestimated.

Definition of property cannot originate in law, first of all, because property in its nature is absolutely informal and universal category. If somebody finds a dollar on the street, law is not relevant here in order to explain motives and nature of appropriation. If a military leader of early Franks is subjugating other tribes' land - law is irrelevant here for determination of proprietor. If October revolution in Russia in 1917 is expropriating all capital in the country – law is irrelevant here and describes nothing of how and why such action is possible. If a person is becoming to be a property of another person (slave or serve) there is no place for law there. If Spanish colonists are exploring and appropriating lands in newly discovered America – there is no law involved. If a couple of early American industrialists are joining in cartel seeking monopolistic prices for oil – law is absolutely irrelevant in order to describe their capacity to receive monopolistic income based on monopolistic prices. And finally law is absolutely irrelevant for identification of the real State proprietors at any time and under any circumstances, but particularly under dictatorship (if somebody imagine that State property belonged to the people in Stalin's Russia or in Nazi Germany, for example, he probably urgently needs to see a psychologist in order to free himself from brainwashing and stereotypes).

Secondly, property emerges much earlier than any laws. Evolutionary laws are appearing much later, whenever property rights are by and large fixed and property relations are established and whenever central regulatory power (embryonic State entity) is strong enough in order to enforce those property rights and property relations.

Thirdly, extremely often in our history the lawful property is not entirely safe with its holder and can be easily expropriated or confiscated. Exactly because the law is merely reflecting property relations at certain fixed point in time, it absolutely does not guarantee that a person will be able to keep his property at another point in time, say

tomorrow. There are at least four possibilities how a person can lose (in full or in part) his property guaranteed to him by law - first, as a result of legal, half-legal or even illegal actions of particular powerful individuals (for example mafia, medieval land barons, particular high-level state bureaucrats) directed at extortion of people's property; second, as a result of peaceful changes in domestic laws (in consequence of nationalization or of tax raise, for example); third, as a result of external forcible expropriation (in consequence of war, for ex.); and fourth, as a result of domestic forcible expropriation (in consequence of social revolution or of civil war, for ex.). All these possibilities are originating in the mechanisms of power and coercion - even peaceful changes in laws can be put into practice only relying upon the instruments of coercion, otherwise nobody will voluntarily give up his property under any law.

Law, thus, is merely a superficial written expression of property relations - expression correlated with economic or conventional property rights. As a result of our educational prejudices and societal propaganda too much attention is drawn in the modern world to superiority of law, to "rule of law" and to the law and order generally. All that is definitely important and even essential, but all that is absolutely irrelevant to the nature and reasons of any social phenomenon, just like law is irrelevant for understanding of any economic phenomena or for economics as a science generally. Law is never a reason - it is always a consequence. It does not determine any social phenomenon or any social relation - it is merely marking current state of affairs in society down on paper. Law does not create anything - it merely more or less adequately reflects things and first of all it reflects balance of power in society.

If law and economy do not determine property and property relations - then what does or where the definition of property comes from? It comes from power. Power is a single determinant of any property rights and of any property relations. Power is property (first of all literally and secondly because it can appropriate or expropriate property since being complemented with the mechanisms of coercion) and property (especially exclusive property rights) is power. Power is a foundation of the definition of property because of the three fundamental reasons.

First, power is allowing to appropriate, expropriate or to confiscate property outside of any economic activity in consequence of wars, revolutions, dictatorships, private property rights violations (crimes or sometimes even of in-law violations), of social property rights violations (forcible expropriations), etc.

Second, power is allowing to continuously realize exclusive (monopolistic) property rights based on the mechanisms of coercion within particular economic activity. This is a much more delicate and at the same time much more important and much more wide-scale manifestation of power. Forcible expropriations and redistributions of property not underlined by any economic activity represent a rather primitive and rough type of societal relations and though being enormously persistent throughout human history - it is not often encountered in modern days. Forcible expropriation of property is also a

short-term or even one single time opportunity. Socially strong or powerful individuals quite soon start to recognize that they need much longer-term manifestations of their power in order to obtain and to hold their material benefits and social privileges. Single possibility for that is exclusive property rights or social monopolies based on power and coercion including such monopolies as for example slavery, feudalism and communism.

Third, power is allowing to hold (to own) the property. This is a very important manifestation of power - forgotten by people today - especially by people in economically developed countries. We often imagine that our property is somehow automatically guaranteed to us by some supernatural half-mythical, half-legendary force called "law". We already saw that it is not so. Only particular civilized balance of power in modern economically developed society is allowing us to more or less securely hold our property. And even that is a myth because coercive expropriations of our property are growing every year thanks to a nice phenomenon of taxation. We have simply traded obnoxious social conflicts with uncertain possibility of potential social revolts for permanently growing pay offs in order to keep less fitted and less able individuals fed and away from atrocious behavior or speaking otherwise we have exchanged occasional short-term threats of social conflicts, occasional minor violent property redistributions and unclear perspective of social revolutions for uncontrollable and permanently growing income redistribution until a definite collapse of our society in the future. Apart from all these, if we think about modern underdeveloped societies or about modern economically developed countries in historical retrospective, we can see that state extortions of property are often accompanied there by the threats of private extortions on behalf of powerful private individuals, primarily of high-level state officials.

Coming from the origin of property appropriation, from economic, legal and power foundations of property rights as well as from definition and nature of property, we can identify two fundamental types of property rights - economic or conventional property rights and social property rights based on power and coercion. Economic property rights are non-exclusive rights under which neither property possessions, nor appropriated income are reliant on the instruments of coercion. Economic property rights represent property rights in their common understanding - what people usually understand under the phenomenon of "property". Both economic property rights and their proprietors normally are explicitly and abundantly defined by law.

On the contrary to economic rights, social property rights represent exclusive rights under which property possession and income appropriation are based upon the instruments of coercion. Exclusive property rights of slave-owners upon slaves, of feudal barons upon land, of communist party leaders upon the state under communism are concrete examples of social property rights. Social property rights presuppose that certain rights are beyond the reach of other people (other than their current proprietors) under normal exchange transactions, that certain production resources are switched off from the free production factors' flows and that a single way for their appropriation is power or social counteraction. Social property rights are purely informal rights and are rarely

(almost never) fully reflected in law or in other parts of social infrastructure. Vice-a-versa, law and social infrastructure are always trying to hide these rights in order to disallow sober apprehension of social realities and thus to diminish social counteraction to them. Therefore, law is generally enough only in order to identify economic proprietors of particular property. In order to establish social proprietors of property based on power and coercion we have to investigate how exactly mechanisms of coercion are stimulating exclusivity of particular property rights and who is appropriating an exclusive income connected with particular property. Probably such approach not always assures straightforward clear-cut answers, but there is no other way to determine thoroughly concealed by social infrastructure proprietors of exclusive property rights and beneficiaries of exclusive income.

## Introduction into the nature of State Property

Several observations seems relevant to propose on the nature of State property mainly because nature of the State property is single-handedly determining the nature of State, partly because the nature of State property is very important for identification of real State proprietors and partly because a matter under consideration is not that straightforward within a network of ideas dominating modern conception of property.

General definition of property is a far more complicated phenomenon than the one we used to in economics. Rights, which we understand under pure definition of property are always limited and restricted by the mechanisms of power and coercion at societal level or by existing societal balance of power. One needs power in order to initially obtain the "right of primary occupation" and one needs power in order to hold the property. Only thanks to a particular unique balance of power in modern economically developed countries we are able to obtain, to use and to maintain any property possessions. In vast majority of historical societies and in quite a few modern ones property rights are very far from being guaranteed by societal structure even if they are guaranteed by law.

Essentially property is not a legal category; it is partly an economic category, because usually one has to create or to purchase it in order to possess, but mostly a social category because one needs power in order to keep, to hold or alternatively to expropriate property. Law is merely superficially expressing people's ability to hold and to alienate property based on existing balance of power in society. But it is exactly the balance of power in particular society what creates, maintains and changes property relations. Property is completely dependent upon mechanisms of power and coercion. We cannot explain property, property rights and property relations relying either upon legal or upon economic theory, terms and definitions; first of all we have to employ social or political theory.

If everything in society would be based only on economy, a pure definition of property would prevail and would be enough for understanding of any societal phenomenon. Since besides economy unfortunately and predominantly we are having in society such unpleasant thing as mechanisms of power and coercion, pure understanding of property is not enough in order to explain anything in society. Any private proprietor is able to utilize his property rights only up to a level allowed by existing societal balance of power. For example, in our days any enterprise is having significantly less rights and a way much more restrictions in realization of its commercial activity than it used to have in 19th century. This may be good or may be bad, but most certain is that private property rights in this case are definitely restricted. At the same time mechanisms of power and coercion in addition to conventional microeconomic property rights are allowing to acquire and to possess certain exclusive rights generated at macroeconomic or at the societal level. For example, exclusive property rights upon slaves' labor in ancient Rome being based entirely on mechanisms of power and coercion by no means can be explained employing merely economic theory.

In economics generally we are quite happy with property definitions given by law. Not so in social science concerned with mechanisms of power and coercion. Law just like any other element of social infrastructure is not determining anything in society – it is merely marking down on paper current social and property realities or is marking down on paper societal balance of power. In social sciences we cannot be satisfied with any declarations made by social infrastructure because of two fundamental considerations. First of all, social infrastructure is very far from being something neutral, objective and impartial. Its basic function is to preserve, no matter what, existing social order and existing property relations whatever inefficient and unfair they might be. Second, much more important is that social infrastructure is not a determinative part of societal processes in any imaginable way, but vice-a-versa it absolutely depends upon the system of social and property relations or what is basically the same - absolutely depends on mechanisms of power and coercion. Therefore only within the mechanisms of power and coercion we must look for societal or sociological definition of property. Economic or rather legal definition of property does not embrace and fails to explain the following fundamental issues related to property rights and property relations:

1. Exclusive property rights based upon mechanisms of power and coercion (social monopolies) - economic definition of property even fails to identify such rights
2. Real proprietors of property based upon mechanisms of power and coercion, normally identifying false or superficial symbolic proprietors
3. System of management and control under exclusive property rights.
4. Mechanism of income appropriation by the real proprietors of exclusive property rights
5. Social formations or social constructions, power mechanisms, nature of property relations and social domination under such systems of exclusive property rights as slavery, feudalism, communism and modern socialism of economically developed nations
6. Forcible property expropriations, revolutions, wars, nationalizations and any revolts against existing property regimes
7. Historical evolution of property rights and property relations
8. Quantitative characteristics of property rights (who is bigger proprietor of a company, which pays 50% of its revenues in various taxes and is totally dependent upon bureaucratic State regulation – the State or the shareholders?)
9. The nature of social agents and social institutions
10. But above all - the nature of State

Sociological or social definition of property relates to social (based on power and coercion) opportunities to own any type of property by any particular proprietor. Moreover such definition is applicable to exclusive property rights, which are based solely on power and coercion. Even more than that, since power is a rather quantitative phenomenon, such definition also reinstates quantitative characteristics of property - not just who owns this or that type of property, but also to what extent somebody owns particular type of property or who controls particular type of property more and who

controls it less. Amount of restrictions imposed at societal level upon pure property ownership might be and in fact often (including in modern world dominated by socialist ideas) is extraordinarily large. In order to adequately describe any societal process and any social phenomenon we must always take into account triple characteristics of property – economic, social and property rights in their evolution.

General understanding of monopoly in modern economics and social science is equally superficial and inadequate. We are basically familiar only with economic monopoly, which is of no interest and of no use for us in social sciences. Economic monopoly is relatively simple, comprehensively explored by economics and mostly useless for understanding of societal processes and of society generally. In social science we first of all concern ourselves with social monopolies – monopolies based on mechanisms of power and coercion. Power and coercion are finally what society is all about. Without power and coercion – everything is pure economy and that is an outcome we should all wish for. If somebody thinks that society is not merely about power and coercion, it only means that in this particular society predominantly governs economy and very little social (based on mechanisms of power and coercion) left. Normally, however, such impression is a naive misapprehension of reality. Without power and coercion social sciences except economics are irrelevant, they simply have nothing to study, because at the end of the day social sciences are only about mechanisms of power and coercion and about their applications – nothing more, nothing less. At the same time we must make it crystal clear that power is not yet the final essence of human social interest or is not yet an absolute human objective per se, even though some people prefer power to everything else. Normally a single value of power and coercion as well as a single value of any exclusive rights stands in associated opportunities to appropriate exclusive income - non-market-driven income or income not determined by all people, but exclusively or socially determined by certain exclusive people relying on mechanisms of power and coercion. People are motivated by the notions of “exclusive rights” and “exclusive income” as long as they are pursuing their interests. Exclusive rights are allowing realization of those interests in the most complete way, to the highest degree of comfort and in the longer time span. Power and coercion are finding their fundamental expression in economics through particular exclusive rights for those people and social groups, which manage to utilize mechanisms of power and coercion to their utmost personal advantage and first of all in order to appropriate exclusive income.

Nature of the State and the entire nature of State property are very much based on the fact that State is a monopolistic economic and social agent with exclusive social and property rights on particular territory. State is monopoly because on particular territory it is a single (especially in modern economically developed countries) source of power and coercion. State is monopoly because on any particular territory there is no any alternative regulatory services' providing entity. State is also a very specific type of monopoly. First of all it is a structural monopoly. There is nothing of a kind on particular market of the State services including also what concerns income redistribution in society. But this is only part of its story and probably not yet the most important part. Much more

sophisticated and influential part of the nature of State monopoly is represented by the fact that State is a production factor monopoly. State is production factor because any economic or production activity so far is impossible without some kind of regulatory entity at macroeconomic or societal level. And since under the definition of production factor we exactly understand economic resources essentially important and even indispensable for an overall process of production or wealth creation we can easily and probably without much of a controversy refer to this category the State as well. Just like any production activity is impossible without capital, labor and land, which we understand under the basic definition of production factor or of fundamental group of economic resources, in the very same way any production activity is impossible without State.

*Exclusive property rights associated with the State, first of all, imply that whoever is the real true State proprietor - he/she/they are receiving from State property exclusive, monopolistic, based upon coercion, not freely determined by the people, beyond and above the market, non-socialized and mostly unearned income.*

## Real State proprietors

Inquiry into who owns or at least who controls State property is a rather complicated task significantly hindered by clouds of fog surrounding it. State property, on the other hand, is so unique and inimitable that it would probably be a mistake to unconditionally apply to it any common criteria. Proprietorship of any monopoly based on power and coercion, including proprietorship of the State, on the contrary to economic proprietorship is never explicit and has to be uncovered through examination of the system of control over the mechanisms of power and coercion. Under a definition of property or of property possession in common understanding we basically mean three inherent characteristics:

1. Right (or rather a social opportunity or informal right – not necessarily a legal or formal right) to manage and to control property to one's own personal advantage,
2. Right (informal right) to alienate property or simply right to sell and exchange property and to appropriate proceeds of such selling, and
3. Right (informal right) to appropriate some important income from utilization of particular property

In our investigation of the nature of State ownership or of State proprietorship rather than asking ourselves why State property does not belong to people (or why it does not belong to all people on equal basis) we must ask - what makes us think that State property does belong to the people. It is fairly evident to assume that under no circumstances people are the true real proprietors of state or "public" property especially if we would abstract from a cliché we all are grown up with and especially if we think about dictatorship, which comprises more than 99.9% of historical statehood taken both in time and in space. Any argumentation provided in this sense will probably seem somewhat extravagant and irrelevant. To explain why state property does not belong to people is almost the same as trying to persuade people to think that our planet is not flat-shaped. Those are not reason and rational arguments what keeps us to believe in opposite statement of things, but merely based on ancient tradition irrational emotional appeal. However, since there is still some misunderstanding on this matter - here are several logical observations.

1. First of all the category "people" means and explains almost nothing in social sciences unlike in cheap political propaganda. People are even hardly a sociological group – it is rather merely an unorganized set of separate private individuals, scarcely united at all, especially with vanished importance of national states and corresponding disappearance of national ideologies. Particular individuals are separated from each other, first of all, by a lack of any common (common for all people – for each and every single person) economic and property interests – we all are having different and quite often, unfortunately, even mutually exclusive interests.

2. Probably one of the main reasons why we suppose that there is such thing as "public" property, which belongs to people, is a proclamation of such statement of things in law or

even in national constitutions (although even there this fact is not always entirely explicit) as well as by the entire social infrastructure. However, law is never determining either property relations or societal structure and is merely marking down on paper societal relations established by existing in society balance of power. For the sake of political economy or sociology we cannot be limited by legislative declarations as well as by any proclamations of the other elements of social infrastructure – in social sciences we must not trust them generally. Law just like any other part of social infrastructure normally is presenting things in a way, which is convenient for individuals and social groups in power and serves their personal financial interests.

3. People or rather welfare beneficiaries (which are only part of the “people” and so far not yet the biggest part) actually are not earning any income through the State (such income even for tax purposes is normally considered as “unearned income”) – their income is redistributed to them i.e. is being coercively taken away from other people and transferred to concrete beneficiaries whatever justification of such an action is. Unearned income more than anything else testifies that this is not an income of proprietor. Proprietor always has to earn his income at least somehow even if he is having exceptionally exclusive or monopolistic property rights – otherwise we deal with a pure case of robbery, which politically is very difficult to sell and which people do not tolerate long enough.

4. If we would abstract for a moment from reality and imagine that state property does belong to all people, then everybody suppose to make a living, partially or entirely, from this property. While even in our days of comprehensive socialism not yet everybody is receiving whatever income from the State. More like vice-a-versa - so far majority of people are receiving negative income from the State paying taxes. If people do not receive income from their property (which in fact does generate income and revenues), if some of them receive income from the State while the others do not, if some of them receive big while the others only crumbs, if majority is paying while minority is receiving what kind of proprietors are they?

5. Except for election of the government, people rarely, if at all, have any influence upon decision-making related to administration of state property and state revenues. Generally people even have no particular interest in such management mainly because so far they receive their major income from sources outside of the state property. It is almost the same as with small corporate and mutual funds’ shareholders. We do not care about management and control. It is not why we invested – we invest only for the sake of income and not in order to manage anything. People directly (especially if they are receiving their major income outside of the State) are having almost zero participation in management of the state property and almost zero interest in such management. If people have little possibility and little interest in management of the state property (the latter fact also exhibits general disbelief in affirmations that state property belongs to them) and if in their majority they receive negative income from the State (although State gets permanently growing revenues) what kind of proprietors are they?

Even if it is hardly credible that people are true real proprietors of the state property as well as that state property does not belong to anybody (it is not a characteristic of property - not to belong to anybody), still remains a question why do we rather tend to promote for this role top-level State bureaucracy and representatives? Actually a main obstacle for proper apprehension of who are real proprietors of the State is our faithful and inexorable belief in the nature of "public" property and in hypothesis declined above. Once we are skeptical that state property is people's property – very few reasonable doubts remain about nature of the state property and about who controls it. However, since there is some misunderstanding on that matter either - here are several logical observations.

1. First of all, we must clearly differentiate between private property rights upon the State under dictatorship when dictator does not have any limits for his control over state property (as well as over mechanisms of coercion) and between social group property claims upon the State as a production factor monopoly under democracy without private property rights upon the state property on behalf of particular bureaucrats. State property rights under democracy are merely more dispersed than under dictatorship, just like property rights in corporation are more dispersed than in private company.

2. *State property management.* Strategic and operational management of the state property is a fundamental and explicit task of the top-level state bureaucracy. If it is not – what else is State bureaucracy good for and what it is all about?

3. *Alienation and appropriation of state property.* One particular limitation related to the state property creates certain misunderstanding – impossibility to sell property on behalf of particular public officials and to appropriate direct gains from that, which is based upon the fact that any separately taken public official is not yet a proprietor of any part or of any subdivision of the state property. At the same time, right to alienate property, even though we have historical examples of various restrictions on that account, is usually integrated in our understanding of property rights. Particular corporate shareholder (as a proprietor) taken separately has no any rights to sell corporate property either (unless he holds a majority of votes). It is a joint prerogative of all proprietors. While representatives or top-level State bureaucracy can sell State property in the very same way. Sometimes it takes only two persons - a head of the government and a minister responsible for particular domain; sometimes even only one person – the minister. The other thing is that particular bureaucrat cannot sell and even does not have his particular "share" of State property. However, any production factor monopoly, not just the State, because of its scale rarely belongs to one person (whoever he is – it is very difficult for him to fool and to coerce an entire society long enough) and is controlled by particular people united in social group. While top-level state bureaucracy taken as a group and comfortably small as it is can and always does alienate or acquire any state property with a sole guidance of its own interests and first of all of the consequential possibilities to appropriate in different ways the main proceeds (including political ones) from such actions. In this case we are

very close to a story of a landlord under feudalism, who probably might sell his land (though extremely unlikely because of a variety of social and economic constraints) but who still cannot alienate his exclusive rights and privileges as a member of particular social group of land aristocracy. Even selling his land, he still remains to be a part of this social group with its particular privileges (easily transferable in direct financial gains such as attractive and not too troublesome position with king's administration or in military service, etc.) owing to his origin, to his social status and to his noble descent.

4. *Income appropriation.* Income and associated benefits of the top-level state bureaucracy unlike income from the State of welfare and social protection beneficiaries (which is big as a total but quite insignificant taken separately per person) are rather impressive. Besides socially allocated (relying on mechanisms of coercion) personal income we can also see socially allocated indirect financial and non-financial benefits as well as resources appropriated within implementation of different State functions – luxurious office related benefits such as transportation (cars, traveling, etc. related to particular positions), office premises, dining and wining, social events; employment possibilities for friends and relatives; opportunities for promotion of affiliated organizations and political parties; political, social and economic influence including contracting influence and bargaining power; after-the-office benefits; personal affirmation, pride, self-esteem etc.; information transferable in financial gains for example on stock market and so on, and on, and on. Besides, income of the state bureaucracy is rather permanent and permanently growing. Not only this income is permanent for bureaucracy as a whole but in fact for every single top-level public official as well. Even if somebody is losing his current position, he is usually getting another one either inside or outside of the State unless he does something terrible.

5. *Allocating State revenues.* State bureaucracy is not only determining income connected with the state property of the rest of society, but with a much higher degree of autonomy or with insignificant influence on behalf of any other people and social groups they are establishing their own incomes and evaluating their own economic and social contribution. State revenues and level of taxation are almost in exclusive prerogative of top-level state bureaucracy. They only have to make sure that their greediness is not crossing a line of tolerance and social illusions. And even that is not so important as long as they can provide voters with a permanent stream or even growth of redistributed benefits

6. *Marking price of state services.* Price of the State or level of taxation, although experiences influence of a large variety of special interests, is permanently growing and whatever are motivation and reasons for such growth, it is definitely and absolutely in favor of the state bureaucracy. State bureaucracy is always pushing level of taxation up in the sky, artfully utilizing to its utmost personal advantage the entire welfare ideology.

7. *Paying the costs.* Paying costs or state expenditures for the state bureaucracy is not only a burden, which is deducting financial resources from state revenues and therefore is

diminishing a share left for distribution among top-level public officials. State expenditures, which quite often are exceeding state revenues, actually form an enormous part of the state influence and of state domination in society and therefore also of the influence of state bureaucracy. State expenditures are under exclusive control of the state bureaucracy and serve considerably to its direct and indirect advantages.

8. *Managing mechanisms of power and coercion.* Exclusive rights on application of coercion are an unshared and inseparable prerogative of the state bureaucracy. People cannot apply coercion against themselves – somebody else has to apply it for them. Those who apply coercion and those against whom it is applied normally are absolutely different groups of people.

9. *State bureaucracy as a social group.* State bureaucracy is a very organized group with a straightforward logic of unification and hierarchy, while all other individuals and social groups, which pretend to have any claims upon state property normally are just sets of certain numbers, hardly united at all.

*It is natural that claims towards the state property just like any other property rights are having their limitations. However, first of all, property claims of top-level state bureaucracy upon the State are absolutely exceeding property claims of any other individuals and social groups and secondly neither throughout human history nor in our age of an uncontrollable socialism economic rights of any particular proprietor completely correspond to a pure definition of property. Property rights are always limited and restricted by mechanisms of power and coercion at societal level or by societal balance of power.*

## State as Conventional Commercial Enterprise

Is the State merely a conventional commercial enterprise or is it something more than that? Actually we must ask ourselves not why the State is regular commercial enterprise but rather why it is not. What makes people think that the State is not a conventional commercial enterprise, but something more than that? So far everything in society including any social association or any non-profit organization is oriented, directly or indirectly, towards getting or earning financial resources whatever noble objective those resources might serve further on. Therefore, all organizations and social institutions by and large are commercial enterprises with an objective to sell something to customers (even if that "something" is some "big idea" or some tremendous charity and if those customers are not direct beneficiaries but funds' contributors) and then to divide and to distribute proceeds (even if those proceeds lawfully or formally are not called "profits" and if they are distributed exclusively as a work remuneration). But is there a big difference between how people appropriate those proceeds – as capital gains, as dividends or as salaries? From the point of view of law, taxation or general accounting – certainly, but from the point of view of political economy, sociology and property relations there is no any difference whatsoever. Vice-a-versa attempts to hide private interests and promote public character of undertakings must raise quite a number of suspicions.

Here are some considerations on what makes the State to be in line with any conventional commercial enterprise:

1. State just like any other enterprise is having its proprietors (people who control it to their utmost personal advantage) with their distinctive economic and financial interests
2. State as any commercial enterprise is selling its goods and services
3. State as any commercial enterprise is receiving revenues mostly in the form of taxes, paying costs associated with provision of the state services and with a persuasion to buy them as well as receiving profit, which later is distributed as various types of benefits for its real proprietors.
4. State is having a price for its services – first of all in the form of a level of taxation

At the same time two factors seem to separate the State from regular commercial enterprise:

1. State is a monopoly with exclusive social and property rights on particular territory and with associated possibility to gain exclusive (non-market) revenues based on coercion
2. State is an ultimate source of power and coercion especially in the modern world.

We can probably say that from one side the State is a conventional commercial enterprise while from the other it is a social agent or social institution. Generally speaking, social agent is an organization, which revenues, profit or income are based on mechanisms of power and coercion. Otherwise there is nothing social in organization - only economic

nature – and that is an outcome, which we all must try to achieve for any institution. We can equally say that social agent is a commercial enterprise with exclusive rights, privileges and revenues based on mechanisms of power and coercion.

Because of their reliance on mechanisms of power and coercion, the nature of social agents is always covered with a shadow of misapprehension and fallacy. Important part of their overall activity is a concealment of their non-socialized nature based on immanent exclusive social and property rights. Furthermore, their real proprietors (people benefiting from their activity the most in terms of income) are rather unclear and obscure, which statement of things is allowing to hide underlying private interests and to market public character of organization. However, not only the nature of their real proprietors is socially disguised, but almost every single aspect of their activity (nature of customers or contributors, nature of revenues, nature of price formation for their services, nature of property relations) is concealed as much as possible. Under these circumstances it is absolutely normal that the very essence of the State (which is one of the most ancient and “experienced” social agents) is rather far from being explicit and for its uncovering needs some serious exercise and, first of all, a rejection of certain ungrounded emotional appeals and non-sustainable widespread social axioms.

Social agent is a very important intermediary definition in our envy to discover the nature of State - very important primarily because definition of social agent is completely embedded in the definition of State. At the same time understanding of social agent is a fundamental part of the definition of social monopoly (monopoly based on mechanisms of power and coercion). Not any organization or institution is yet a social agent or social monopoly, some of them being incorporated purely in commercial purposes preserve in such capacity their straight character of conventional commercial enterprise. Though, normally majority of them, in line with purely commercial activity equally pursue various social objectives or objectives achievable only through certain reliance on the mechanisms of power and coercion. However, not even all institutions with such objectives are yet becoming social agents. Some of them simply fail to get any exclusive benefits based on those mechanisms of coercion either because of their inability or because of unyielding circumstances. Only those organizations and institutions, which are realizing their grand objective and getting social revenues and social benefits (including tax advantages acquired owing to their status), which in one way or another are associated with the mechanisms of power and coercion, can be called social agents. Table bellow exhibits more of the comparative characteristics of economic and social agents.

	<i>Economic agent (conventional commercial enterprise)</i>	<i>Social agent (social monopoly)</i>
<i>Definition</i>		
<i>Basic definition</i>	Organization or institution, which revenues are not connected with exclusive social and property rights based on mechanisms of power and	Organization or institution, which revenues are based on certain exclusive rights and privileges generated through mechanisms of power and coercion

	coercion and are relying exclusively on economic activity	
<i>Examples of organizations</i>	Conventional commercial enterprise (sole proprietorship, partnership, corporation, etc.); associations, institutions and non-profit organizations without exclusive rights	Social monopolies (private companies, non-profit organizations and special interest groups) with exclusive rights and privileges based on mechanisms of power and coercion including unions, associations and the State
<i>Economic characteristics</i>		
<i>Key revenues</i>	Proceeds from sale of goods and services	Contributions plus "favors" on behalf of the mechanisms of power and coercion (mostly on behalf of the state)
<i>Costs to proprietor</i>	Labor, land, input resources	Everything what relates to provision of services including promotion and fund raising
<i>Profits</i>	Everything left after deducting costs from revenues	Income and benefits of top management
<i>Form of income distribution</i>	Dividends and capital gains	Salaries and benefits
<i>Price formation</i>	Economic - interaction of supply and demand	Social (based upon involvement of the mechanisms of power and coercion), either solely or complements economic price formation
<i>Social characteristics</i>		
<i>Key customers</i>	Buyers of goods and services	Plus to other contributors of funds, State becomes one of the main contributors – in terms of benefits based on power and coercion
<i>Real proprietors</i>	Stakeholders	Top management
<i>Legal identification of real proprietors</i>	Explicitly identified by law	Concealed or not explicitly identified by law.
<i>Exclusive rights based on power and coercion</i>	No	Yes
<i>Exclusive (non-market) revenues based on exclusive rights</i>	No	Yes

*Neither one social group, social institution or social association is superior to another. Their single objective is to acquire and to maintain exclusive rights based on mechanisms of power and coercion, otherwise there is nothing social about any organization. Taken separately all social agents are futile and unendurable while their single value stands in that they fight and obliterate each other thus diminishing possibilities for emergence of strong and authoritarian exclusive social rights.*

If the State seems to have both natures (one of conventional commercial enterprise and the other one of social agent) why we are implying that it is hardly anything more than regular commercial enterprise? The reason is really simple and straightforward - two characteristics above, which we have attributed to the State as social agent (monopoly

and power & coercion), both under dictatorship and under democracy serve one single commercial objective – to extract from people as much financial resources as it is only possible for internal consumption of the real state proprietors (top-level state bureaucracy). Unfortunately, State is not only conventional commercial enterprise - it is also a social agent or rather a social monopoly based on exclusive rights, power & coercion and appropriation of exclusive income. We can equally say that the State generally is somewhat inferior to conventional commercial enterprise because as its intrinsic part it embraces exclusive social and property rights, while its revenues, income and property are based on the mechanisms of power and coercion.

## The State and Communism

Misunderstanding or misapprehension of the fundamental nature of communism and of communist societies by general public and even by western social science in the past is often acknowledged both by a significant number of immigrants from former communist countries and by experts in the field from those countries who after a dissolution of communism choose to stay at home. On the other hand, understanding of communism by social science and moreover by common people in economically developed countries does not seem to improve significantly. After the dissolution of communism or after a break-up of Soviet Union, the subject seems as lost its interest, originality and expediency. We may ask what is the point to waste time and to argue about something, what has already gone. Three factors are in disaccord with such a view.

1. Hardly we can have a sustainable transition unless we perfectly understand a nature of communism. For economics and sociology of countries in transition we must have at least some comprehension of where we are departing from and where we want to be, otherwise we are in a serious risk of returning back to the point of departure
2. Nature of the State under communism is having a straightforward application to the nature of problems faced today by newly emerged (after communism) societies and by international development industry
3. The nature of State in modern economically developed countries is absolutely the same as it is under any other social formation including communism even though its power and manifestations are different. If we do not understand what we have had under communism most probably we do not understand in what kind of society we are living today and what we can expect in future. Communism generally is a perfect showcase and an ideal experimental laboratory for investigation of the phenomenon of State in all its complexity.

Nature of communism is extremely simple, much more simple than the nature of capitalism and a way more simple than the nature of socialism of modern economically developed nations. It used to be and turns out that it still is significantly covered up by communist ideology and social infrastructure in order to conceal its unimaginable inefficiency and terrifying injustice. We are basically limited in our comprehension of communism by two fundamental delusions:

1. First one stands in that communism is characterized by a lack of full-scale market relations or of full-fledged market laws in operation.
2. Second one stands in that communism is characterized by a lack of private property

These two delusions are first of all contradictory to the very fact that market (or natural economic laws) and property are universal categories and therefore always exist even in the "state of nature" and in primitive societies - if there is either no property or no market (economic) laws it can only mean that there is no society. The other thing is that it can

easily happen that there are no explicit property rights related either to “private” property or to “public” or “collective” property. Such statement of things, for example, is characteristic both of primitive societies and of communism. But generally speaking how explicit are the property rights is a rather quantitative phenomenon. There are a lot of examples of rather inexplicit property rights throughout the entire human history (real property rights upon the State property, for example, are mostly always hidden and inexplicit). On the other hand, it can also happen that market laws are operating in conditions of limited exchange transactions, but this is far from being only a characteristic situation of primitive societies or only of communism – enough to mention feudalism during its emergence and affirmation, early ancient societies, Russia before Peter the Great, etc. In all these cases and in many others exchanges are significantly suppressed, but it is very far from meaning that market laws or market are inoperative. It simply means that any exclusive based on power and coercion rights (social monopolization) always do limit the number and intensity of exchange transactions.

Under communism have functioned absolutely the same genuine market laws as under any other social formation and not a one bit less perfectly (since they are objective – they are perfect) than they do under wildest capitalism. Everything has to be seen from a slightly different perspective. Under communism there is only one single commercial enterprise in the entire economy – the State, which is getting its revenues selling goods and services (including ideology); paying its costs in terms of salaries to employees (i.e. to basically all people), social services, comprehensive ideology apparatus, police and security expenses; and receiving its profits (distributed as financial and non-financial benefits of the top-level State bureaucracy, which are essentially controlled by only one person – communist leader or dictator). We have only one monopolistic seller of almost all goods and services on the market – the State, and a lot of non-monopolistic buyers. State being a single monopolistic seller of all goods and services can dictate any price, being absolutely uncontrolled coercive monopoly it can withdraw any taxes and coerce anybody on almost any scale. This scale is limited only by people’s opposition to the political regime. However, even if people do oppose, they are still stuck with a huge State monopoly every step they make – on consumer market, on job market, on law and order services market, on media market, on market of ideologies, etc. State can sell very cheap particular socially important goods (in order to create certain social illusions), withdraw little taxes, but then take everything back through a complex combination of low salaries and expensive goods (such as were the cars in former Soviet Union). Laws of demand and supply have functioned under communism absolutely. It was an extraordinary social monopolization of market, economy and society what generated shortages of supply, low quality goods and services and underground economy. Communist state, in fact, did not care much about all that. It was not afraid of social revolts as a result of shortages, initially because of its strong ideological positions and later because there were no any serious threats of large-scale famine and hunger, during Brezhnev’s epoch for example. Owing to extensive coercive forces and to strong ideological domination of the State, shortages were not a serious threat in any event. To certain extent through shortages,

State even recruited supporters from outside itself – people who were engaged in black market operations or in other illegal commercial activities.

It is not a function of economic laws or of the market generally to equilibrate supply and demand. Law of supply and demand is rather about an interaction of supply and demand depending on prices, about that under the free market economy, supply and demand are in a price related equilibrium. Otherwise the further we are from the free market – the larger is disequilibria. And disequilibria imply a very broad meaning – not just a short-term deviation from equality of supply and demand. And not just an economic meaning – we must also look into societal (based on mechanisms of power and coercion) applications of disequilibria. Artificial short-term equilibrium maintained with a significant waste of economic resources, which we are having today in economically developed countries heavily dependent upon the State is another example of the same account. Disequilibria embraces low quality public services, huge governmental spending for largely inefficient and wasteful programs including in order to assure non-sustainable short-term equilibrium, unemployment, sometimes high inflation and overproduction, lower quality private services (because of important dependence of goods and services providers upon governmental orders and regulations), finally an extreme end of this row would be the shortages which have existed under communism. Under a modern socialism of economically developed nations, shortages are simply exchanged for gigantic inefficient governmental spending and regulation, which are almost as wasteful as the shortages under communism.

Under communism always exists the very same private property as under any other social formation including capitalism. The difference is that under communism there is only one commercial enterprise or only one economic agent and therefore only one productive property – the State property. State property under communism is in absolute private possession of the communist party leader – State absolutely literally is his private property. This should not produce any serious controversy because if we take three fundamental characteristics of property – right to manage and to control property to one's own personal advantage, right to alienate property and to appropriate the proceeds and right to appropriate some important income from utilization of particular property – and apply them to communist realities we can see that Stalin, for example, was able to do with the State property and with entire State revenues (absolutely uncontrollably) much more than that and much more than any modern proprietor can do with his private property (whoever only does not control the proprietor today – taxes, labor security, health security, social security, neighborhoods, communities, different non-profits and associations, governmental regulation, etc., etc., etc. – none of these was for Stalin). While, Lenin confirming an applicability of property alienation criteria to the State property gave up huge Soviet territories under the Brest Peace Treaty in favor of Kaiser Germany or really sold them in exchange for a possibility to stay in power and to appropriate benefits associated with this power. The only slightly different case in Soviet history is with a later Brezhnev's period – owing to his condition other members of Soviet

“politburo” usurped pieces of his influence and of his power, while State property became to be rather a group or partnership property of three-four people.

Everything with communism is as simple as that – it is the simplest social construction exactly because it comprises only one commercial enterprise or only one economic agent, only one social agent and only one giant piece of commercial private property. Here also comes our modern problem with the State both in the countries in transition and in economically developed countries. State remains to be the largest commercial enterprise even if it is not already a single commercial enterprise in economy as under the communism. It also remains to be monopolistic commercial enterprise – a social monopoly (single source of power and coercion and single regulatory agency on particular territory). It is not in the interests of State real proprietors to create any strong competitors – vice-a-versa other things equal, in direct interests of top-level State bureaucracy is to scale down any competitor predominantly through an application of the mechanisms of power and coercion (because economically the State is always a bankrupt). And why do they want to do that? State wants to suppress independent goods and services providers (and not on one by one basis, but rather taken all together) not only and not so much because of a competition on particular markets, but because of the competition on one extraordinary and kind of intangible market. The State sells big – it does not sell just usual goods and services. First of all it sells itself or the entire State ideology. Naturally, it cannot sell an idea of its efficiency and instead in order to justify its impotence and inability it needs to demonstrate to the people that it has certain social, ideological, national, cultural and moral value. It does not care so much about profits from particular commercial undertakings or from particular programs and projects as it does care about general profitability and revenue generation by the entire State machine - profitability based exclusively on power and coercion. Fundamentally, at the end of the day it does not sell electricity, heat, education, law and order, etc. – first of all it sells an idea of public services. While more public services simply mean more State revenues and therefore more income for the top-level State bureaucracy. Efficient private proprietors are discrediting State’s functional integrity, its general level of competency and who knows, for some people may be even its societal value. State cannot, however, destroy them completely as we will all starve in that case, but it can strive to increasingly “regulate” or rather to increasingly deteriorate business in order to demonstrate its constant descent and based on such descent, which is a direct consequence of state transgression, argue for even more state regulation of seemingly “business problems”.

## Why Democracy is just not enough

Today prevails a general understanding that democracy solves all social or societal problems and represents a single precondition for overall societal justice. Conflict of interests between the State and the people under dictatorship hardly produces any serious controversy. Under dictatorship all the State property (including mechanisms of power and coercion) in real terms literally belongs to only one person – the dictator or in the best case to a narrow group of his associates, whose major goal is to extract from the people as much money as possible for their own personal consumption. Taking this into account, under dictatorship – what is good for the people is bad for the State and vice versa – is valid for about one hundred percent.

Our question here – is democracy changing anything in this statement of things, and if it does – does it eliminate completely the difference of interests between the State and the people? To answer these questions, first of all, we need to understand in what way democracy is different from dictatorship and what do they have in common (if anything). Initially, let us consider what democracy is changing in societal realities comparatively to any form of dictatorship. Democracy does provide elections of the government by the people to a degree limited by people’s ability to assure or rather to rip off from the State what we call “real democratic elections” – with free access to media, with relatively equal financing possibilities, without votes’ accounting manipulations, without thresholds for political parties in order to enter the parliament, etc. All these, however, in the very best case are applicable to a couple of dozens of nations in the modern world. On the other hand, we are much more interested in what does democracy change in the entire State machine or in the relations between the State and the people taking into account that government is only a part of State – quite important part, but just a part. Can people really influence the State as a social institution in any way even under the most perfect democracy? Particularly since the State is a social monopoly based on power and coercion with its rather distinctive interests. For the time being people are so happy with elections of the government, which represents major, not to say "single", difference between the two governance systems, that they are hardly inclined to inquire whether there aren’t too many common characteristics of dictatorship and democracy. Table bellow is proposing very general guidelines for comparative analysis of these two systems of governance.

	<i>Dictatorship</i>	<i>Democracy</i>
<i>Election of Government</i>	No	Yes
<i>Degree of public opinion influence upon State decision-making process</i>	Moderate. State has to be careful in order not to overrun a limit of people’s patience with coercion monopoly. If State does not overrun it - the State is safe, if it does – social upheavals or social unrest might bring non-desirable for the State consequences	Higher than under dictatorship since people can at least express their opinions freely. However, the State has merely to see that it buys people adequately with social welfare and social benefits. If this is intact, nothing threatens the State. Strong State supporter in this sense is a natural GDP growth. With growth in place, the State may even increase welfare measures

		from time to time.
<i>People's participation in political process</i>	Social upheavals and unrest	Plus to upheavals and unrest (or strikes and demonstrations in modern terms) people are also having a voting process and possibility to elect the government, but not the State and State bureaucracy. Government, top-level State bureaucracy or representatives usually consist from a very narrow circle of members of a limited political clan represented by superior positions in political parties - mostly in only two parties, without alternative. And even if there is some parody on alternative, the recipes are very limited – generally it is only a question of more social security against freedom less and vice a versa. State and societal system always remain the same, while people all the time are inclined to select less freedom and more social security, which choice is leading slowly but persistently to the first system of governance – dictatorship.
<i>Governing groups</i>	Dictator or state aristocracy (narrow part of the top-level state bureaucracy) sometimes together with the other powerful social groups	Representatives and top-level state bureaucracy
<i>People's participation in State property management</i>	Zero. All State revenues, entire State property and mechanisms of coercion are uncontrollably managed by the dictator, whoever he is	Very limited if any. Except for election of the governance people rarely if at all have any influence upon decision-making related to the State property management. Even more than that - generally people have very limited interest in such management (being busy managing their own property) unlike in income redistribution through the State.
<i>People's participation in income redistribution and income appropriation through the State</i>	Zero. All revenues received by the State are distributed under the one hundred percent control on behalf of dictator.	Major people's interest in the State is reduced to income redistribution in social and welfare purposes. There are also certain special interests in income redistribution for particular business promotion and protection purposes
<i>Real proprietors of the State property</i>	Dictator or state aristocracy (narrow part of the top-level state bureaucracy). Unlimited private property rights of dictator up to a general possibility to alienate State property and even State territories and to appropriate the proceeds.	Representatives and top-level State bureaucracy (including legislative and judiciary branches, which are the intrinsic elements of the entire State machine and therefore also of the State bureaucracy and first of all in terms of their material interests coming from their principal source of income)

Let us also exhibit a rough cost-benefit analysis of the State under dictatorship and under democracy.

	<i>Dictatorship</i>	<i>Democracy</i>
<i>State Revenues</i>	Mainly taxes, but role of non-tax revenues is much higher than under democracy <i>Main beneficiaries – the State and social groups in power</i>	Taxes and charges for particular State services <i>Main beneficiaries – the State</i>
<i>Costs</i>	Coercive enforcement of dictatorship (army, police, security forces etc.), comprehensive propaganda (moralistic and psychological, logic and image-type), limited welfare <i>Main beneficiaries – mainly forces of coercion and persuasion, other people to a rather limited degree (scarce social benefits)</i>	Huge social benefits, other types of income redistribution, limited propaganda  <i>Main beneficiaries – people as social welfare beneficiaries represent major cost for the State. To certain degree also benefit special interest groups and lobbying organizations as well as associated with them interests</i>
<i>Profits</i>	Everything left after the costs – State income and State property, which in real terms belong (and distributed) either to dictator or in the best case to a narrow group of his associates  <i>Main beneficiaries – dictator, sometimes together with a negligible number of associates</i>	Financial and non-financial benefits of the top-level State bureaucracy (salaries and other monetary bonuses related to performance of State functions; office related benefits such as traveling and transportation, office premises, dining and wining, social events; huge employment possibilities for friends and relatives; opportunities for promotion of affiliated political parties and organizations; political, social and economic influence including contracting influence and bargaining power; after-the-office benefits; personal affirmation, pride, self-esteem etc.; information transferable in financial benefits, for example on the stock market and so on and on) <i>Main beneficiaries – top-level State bureaucracy (representatives)</i>

Now let us formulate why we are having the outcomes in tables above, why precisely democracy is not enough for complete realization of societal justice and what exactly is not allowing a one hundred percent correspondence between interests of the State and those of the people even under the most perfect democracy.

First of all, very few people at any point in time are associating their vital or primary material (financial) interests with management of the state property or with the State generally. So far significant share of people's income is coming from sources outside of the State. Under these circumstances people simply care much less about politics and management of the State, which is merely another type of entrepreneurial activity (from the point of view of top-level State bureaucracy the State is only a conventional commercial enterprise serving to extract money from the people for their own personal consumption) - as far as the State is providing them or rather is allowing them to provide

themselves with a certain living minimum (up to understanding of such minimum in a particular society). Other things equal, people whose primary financial interests are not connected with social benefits and welfare payments are rather inclined not to share (or to share as little as possible) their income with the State and not to supply the State with any kind of property than to participate in whatever State property management. They are rather managing their own property in such a way that it would not be appropriated by the State. In these circumstances people might be willing to interfere in State management or to protest against the State as such and against governance system as a whole only if something is conspicuously exceptionally wrong in which case quite often it is too late to protest. It is never too late to protest against low salaries in education, but it might easily be too late to protest against escalating State domination in society. At certain point in time, when people wake up, it might turn out to be irreversible.

Second. Top level State bureaucracy managing mechanisms of power and coercion and being socially the strongest social group or one of the most active and wise groups in society (one have to be smart enough in order to get into significantly closed power circles) will not allow people to participate in State property management and, first of all, in appropriation of exclusive income from the State that easily. From the point of view of top-level State bureaucracy the way to go is to throw people a bone of social welfare benefits and to appropriate huge state proceeds (revenues, income, etc.) in one small happy family.

Third. Somebody might complain that together with rising social welfare more and more people are increasingly relying on social benefits and guarantees and therefore are more and more interested in State revenues, if not in the State property management. That is mostly correct. This is precisely how social inclination to live on redistributed income or virtually unlimited income redistributions under democracy, in the long run are leading people to dictatorship – the way exploited by Robespierre, Lenin, Hitler and the way earlier contributed to a destruction of ancient Rome. Not only the interests of the people and of the State are quite distanced, but also the interests of different people towards State property are different. Some people are eager to acquire as much benefits from State as possible, while the others hate to share their earnings with the State. Those two categories of people are having hard times to find mutual satisfaction – in the best case they are getting just a short-term equilibrium. Such statement of things is far from being contributor to people's counteraction of the State. Rather, vice a versa, it divides people and helps the State to trick, to enchain them and to extort their money. It would be much better if people would not have any interest in State property, than if they have it all and are lead by this interest to a permanent escalation of the State domination in society.

Democracy is having two fundamental advantages comparatively with any form of dictatorship. First of all, democracy is allowing a higher degree of realization of personal freedom. But it is only personal freedom what has all the intrinsic value, while democracy per se is just a tool. Democracy is nothing if it does not lead to personal freedom. Vice-versa higher level of personal freedom is a single cause, which is justifying notable

inefficiency and injustice of democracy based on immanent to democracy extraordinary levels of income redistribution. Second, democracy usually is more efficient than dictatorship as a governance system. But as a governance system it is certainly not a "rule of the people, by the people and for the people". Much rather it is a rule of the top-level State bureaucracy by the top-level State bureaucracy and for the top-level State bureaucracy.

At the same time democracy is having one exceptionally important immanent problem - unlimited or rather permanently escalating income redistribution based on "one man – one vote" and on corresponding possibility for a large majority benefit on account of small minority. Income redistribution, nature of state proprietorship and difference of people's interests towards the State are the three main reasons why democracy is not enough for elimination of all imperfections in the system of social and property relations or for elimination of exclusive property rights based on mechanisms of power and coercion. Without economic, social and political benchmarking even the most perfect democracy would, and throughout human history always did, degenerate in dictatorship. Coercive monopoly on particular territory or on particular area of residence even under the most perfect democracy cannot eliminate societal injustice as well as imperfections in societal system based on exclusive social and property rights. While the State and people associated with the State will always have a possibility to appropriate incomes, which economic value cannot be estimated in open market competition or, what is the same, being based exclusively on power and coercion - cannot be estimated at all.

At the end of the day we are bound to ask - is there anything that can eliminate any type of societal injustice and any imperfections in societal system or they are really immanent to human society? For now, based on our current societal knowledge, we can say that there is a singular operational condition for a substantial diminishing of imperfections in societal structure – an open competition between States and societal systems – competition, which once have already destroyed the most inefficient and the most unjust societal system ever – communism. There are, however, at least two fundamental problems, which are limiting functionality of this condition.

1. Operational condition is working with a significant time lag, even though together with economic development and social evolution this time lag is constantly diminishing. Existence of the time lag is based upon a presence in any society of artificial barriers for free production factors' flows. Back in history when countries and nations were closed for outsiders and for an outside world, democracies being quite fragile social constructions (fragile mainly due to inherent income redistributions oriented towards state domination in society) almost always lead to dictatorships. With opening borders and globalization, social benchmarking and production factors' flows are in permanent evolution and today it is rather difficult, though probably not entirely impossible, to establish dictatorship in one separately taken economically developed country.

2. Imperfect benchmarking, which originates in the fact that particular individuals in any society do not care directly about macroeconomic efficiency. What they care about are their interests or their own microeconomic efficiency. People might compare, benchmark and follow not only positive for macroeconomic efficiency and societal justice developments, but negative ones though better corresponding to their interests as well. There are no societal mechanisms or no social guarantees, whatsoever, that the most efficient and the fairest societal policy will be chosen. Moreover, that under the universal suffrage it is virtually impossible to follow any policy except for the socialist one.

*Deep down inside, however, there is a single fundamental obstacle for a complete realization of societal justice. It stands in the fact that at our present level of societal knowledge it seems to be practically impossible to eliminate the State or governance monopoly on particular territory. At most we can weaken or suppress it. However, no matter how hard we try (while lately we are not trying at all), the State remains to be a social monopoly based on mechanisms of power and coercion, remains to possess exclusive social and property rights, remains to be a pure price maker (establishing a level of taxation or what is the same - a price of the State services), as any social monopoly remains to be unjust and inefficient and because of all that to one degree or another remains to be a non-socialized institution.*

## Capitalism against democracy

Throughout the entire history of mankind there are a lot of studies on capitalism, socialism and democracy taking separately as well as on comparative characteristics of the two or of the three of them. Well, "enough is enough", of course. Yet reading books on modern history one might unintentionally be haunted by a persistent thought (though another one might not) - that capitalism (or a free market society) and democracy (particularly representative democracy) seem to be antipodes. What this treachery idea is based upon? Are there any logical or rational foundations for such an extravagant thought besides some superficial impression? Let us start with the three of them.

First, traditional capitalism as a free market society throughout all its history (18th -19th centuries) is associated either with some form of dictatorship (empire, monarchy, aristocracy, etc) or with one or another type of voting rights' system based on property census (or on voting or suffrage franchise) and only when universal suffrage comes along capitalism starts to transform into socialism – not as ideology or philosophy, but as practical societal construction - with all attributes of the latter such as elevated income redistribution and extensive taxation, state domination in society, state regulation of economy, market limitations, social guarantees, etc.

Second, much more important and essentially explaining our first thesis - democracy in its nature is based on enormous expropriations of property (through the phenomenon of taxation) and on various limitations of property rights (under the state regulation and interventions in economy). Such nature is rather straightforward because under the "one man - one vote" arithmetically (by simple vote counting) the poorer majority is always getting redistribution of money of the richer minority in its favor raising the level of progressive taxation up in the sky.

Third, escalation of the State domination in economy and society under representative democracy based in its turn on accelerating income redistribution through the State is downgrading and suppressing not only all free market principles corresponding to our understanding of traditional capitalism, but to a permanently rising extent is downgrading and suppressing personal freedom as well.

Before going any further with analysis we must provide straightforward definitions and clearly differentiate between capitalism and socialism including what concerns their time frame. Table bellow proposes such analysis.

	<i>Capitalism</i>	<i>Socialism</i>
<i>Property rights</i>	Natural	Permanently interfered and violated by the State
<i>Private property</i>	Foundation of society and dominative	Subject to rigorous State control
<i>State regulations and state interventions in economy</i>	Very limited	Corner stone of economic policy

<i>Competition</i>	Unlimited	Suppressed by State regulation, "public" procurement and artificial "incentives" (including lobbying)
<i>Income distribution</i>	Free	Significantly limited by triple - income redistribution, state regulation and artificial "incentives"
<i>State expenditures and taxation</i>	Very limited	Enormous
<i>Social security</i>	Minimal	Enormous
<i>Income redistribution</i>	Very limited	Enormous
<i>Underlining type of governance system</i>	Either dictatorship (monarchy or empire) or property census democracy (constitutional monarchy or republic)	Representative democracy based on universal equal suffrage
<i>Time period</i>	Second half of 17th century (after English revolution of 1649) till 1930th	1933 till today
<i>Nature</i>	Free market society (free from any social monopolies based on power and coercion)	Exclusive rights of the top-level State bureaucracy (representatives) on the entire state property including on the mechanisms of power and coercion

What concerns the time frame or a time division line between capitalism and inauguration of socialism in our society bind by the expansion of State expenditures, it is commonly attributed to 1930th in the aftermath of the Great Depression being theoretically or ideologically underlined by Mr. Keynes. Two remarks, however, have to be made on that:

1. There are several studies (based, of course, on factual data) that booming State expenditures have started much earlier than that - yet in 1920th, before any depression (particularly interesting is the work of Randall J. Holcombe - The Growth of the Federal Government in 1920's - available online). Table bellow somewhat exhibits this idea presenting an expansion of Federal government expenditures in the United States. Even from this simple table we can see that Federal government outlays in 1925 have increased more than four-fold comparatively to 1916, while in 1936 comparatively to 1931 only 2.3 times. 1920th are precisely the years when universal suffrage started to work at it's full capacity not only in the United States, but worldwide as well.

<i>Selected years</i>	<i>Federal government outlays (in millions of dollars)</i>	<i>Federal government outlays (in percent of GDP)</i>	<i>Growth in % to the previous period in the table (not accounting for USD depreciation)</i>
1789–1849	1090 (avg. per year - 18)	No data	
1850–1900	15453 (avg. per year - 309)	No data	1610
1901	525	No data	70
1916	713	No data	35.8
1917	1 954	No data	174
1918	12 677	No data	549
1919	18 493	No data	45.9
1925	2 924	No data	310 (to 1916)

1931	3 577	4.3	22.3
1936	8 228	10.5	130.0
1938	6 840	7.7	-16.9
1940	9 468	9.8	38.4
1941	13 653	12.0	44.2
1942	35 137	24.3	157.4
1945	92 712	41.9	163.9
1948	29 764	11.6	-67.9
1950	42 562	15.6	43.0
1960	92 191	17.8	116.6
1970	195 649	19.3	112.2
1980	590 941	21.7	202.0
1990	1 253 165	21.8	112.1

Source: The U.S. Government Printing Office

2. What has started in 1920th or in 1930th was a clear-cut boom of the State expenditures. A moderate growth of State expenditures and some elements of socialism in economy (universal public education, embryonic social security, unions, rudiments of progressive taxation, etc.) we can observe already in the late 19th century.

Table bellow demonstrates how different types of suffrage franchise were represented and disenfranchised in different countries under traditional capitalism (18th-19th centuries). Very interesting analysis both of voting franchise and of augmentation of the size of government as well as of the correlation between the two is proposed in the work of Toke S. Aidt and Peter S. Jensen - Tax Structure, Size of Government, and the Extension of the Voting Franchise in Western Europe, 1860-1938 - also available online.

Belgium	Universal suffrage starting from 1893 (weakened by a plural vote for electors fulfilling certain conditions of income, age and education)
Italy	Widening of suffrage in 1882 (the requirement to pay 20 lire in direct taxes per annum and abolished altogether for those with two years' schooling)
Austria	Suffrage was restricted, and it was tied to property provisions until 1907. The emperor was authorized to govern without parliament in the event that the assembly should prove unable to work.
New Zealand	1879 - Property requirement abolished. 1893 - Women given equal voting rights with men.
UK	Representation of the People Act 1884 - amended the Reform Act of 1867 so that it would apply equally to the countryside; 40% of males were still disenfranchised, whilst women could not vote. Property restrictions for voting were lifted for men only in 1918
USA	In the United States, suffrage is determined by states, not federally. There is no national "right to vote". Suffrage franchise for white male started to disintegrate after the civil war. U.S. Constitution has been changed five times to disallow states from limiting suffrage, thereby expanding it, for example: 15th Amendment (1870): no law may restrict any race from voting 19th Amendment (1920): no law may restrict any sex from voting 24th Amendment (1964): neither Congress nor the states may condition the right to vote in federal elections on payment of a poll tax or other type of tax

Germany	17 <sup>th</sup> century – 1918 Kingdom of Prussia and German empire Following the unification of Germany, Bismarck introduced universal male suffrage for elections to the Imperial Parliament (called the Reichstag) from 1871
France	1799-1815 empire of Napoleon Bonapart 1815 – 1830 return of monarchy (Louis XVIII, Charles X) 1830-1848 constitutional monarchy of Louis-Philippe with suffrage census 1852 – 1870 Louis-Napoléon Bonaparte (short second republic with universal suffrage for men and second empire) After 1870 – IIIrd republic gradual introduction of universal suffrage
Netherlands	In 1887 the Netherlands' constitution was amended and the right to vote was made dependent on education and property. The franchise was expanded, to 29% of the adult men. Universal suffrage was introduced after the World war I (1918)
Sweden	Universal and equal suffrage from 1907

Source: Wikipedia, Encyclopedia Britannica

Another table illustrates where we are with our socialism today or what we have reached after an introduction of universal suffrage in terms of state expenditures, state revenues and particularly in terms of their share in GDP.

Country	GDP (in billions USD on an exchange rate basis)	Consolidated state revenues (in billions USD on an exchange rate basis)	Consolidated state expenditures (in billions USD on an exchange rate basis)	Share of State Revenues in GDP	Share of State Expenditures in GDP	Public debt in % from GDP
SWEDEN	371.5	222.0	210.5	59.8%	56.7%	46.4%
FRANCE	2154.0	1150.0	1211.0	53.4%	56.2%	64.7%
DENMARK	256.3	147.0	138.9	57.4%	54.2%	28.6%
BELGIUM	367.8	195.7	195.5	53.2%	53.2%	90.3%
PORTUGAL	176.6	83.9	93.1	47.5%	52.7%	65.7%
AUSTRIA	309.3	155.9	161.6	50.4%	52.2%	63.0%
ITALY	1780.0	832.9	925.0	46.8%	52.0%	107.8%
FINLAND	196.2	105.6	101.0	53.8%	51.5%	37.7%
NORWAY	261.7	195.8	133.1	74.8%	50.9%	44.8%
NETHERLANDS	612.7	304.3	306.5	49.7%	50.0%	50.8%
GREECE	222.5	99.2	106.7	44.6%	48.0%	104.6%
GERMANY	2858.0	1277.0	1344.0	44.7%	47.0%	66.8%
UK	2341.0	973.0	1040.0	41.6%	44.4%	42.2%
SPAIN	1081.0	488.2	475.3	45.2%	44.0%	39.9%
AUSTRALIA	645.3	267.0	258.0	41.4%	40.0%	14.1%
SWITZERLAND	386.8	141.0	139.1	36.5%	36.0%	51.0%
JAPAN	4911.0	1411.0	1639.0	28.7%	33.4%	175.5%

Source: CIA Fact book, 2006

Based on tables above and on our previous analysis we can draw the following conclusions:

1. During the period of traditional capitalism (from 17th century till the end of 19th or

beginning of 20th century) as of the free market society with limited State involvement in economy and society, all modern economically developed countries were either dictatorships (empires or monarchies) or republics and constitutional monarchies with limited suffrage. Suffrage franchise was limited either by property census, by sex or by race.

2. Universal suffrage started to gain universal grounds at the beginning of twentieth century (though in some countries a bit earlier). This is exactly the period of unprecedented escalation of taxation, of income redistributions, of State and/or governmental expenditures and of the State involvement in economy and society – i.e. of all what we understand under a pure definition of socialism.

3. At the initial introductory stage (end of 19th century – beginning of 20th) socialism was advancing at a moderate pace because suffrage was disenfranchised gradually and taxation as well as state expenditures were rising moderately (though quite impressively comparatively with their almost zero level before). At the second stage (starting from 1920th) when universal suffrage was firmly established and started to bring its “results” – socialism is accelerating and acquires substantial comprehensiveness.

4. Universal suffrage introducing the phenomenon of socialism is simultaneously destroying capitalism and finally leads to its dissolution as of the free market economy exchanging competition for hideous state regulation and state interventions, domination of private property for gigantic and constantly escalating on account of the latter state property, free distribution of income and resources for colossal income redistribution through the state, limited state for unprecedented taxation and huge State domination in economy and society, natural property rights for their violation and permanent interference on behalf of the State, free people for dependent on state guarantees collective beings shivering from every single life-time inconvenience, freedom for deplorable parody on people-driven political decision making

5. Capitalism started to disintegrate exactly with the complete introduction of universal suffrage and vanished completely by 1960th. Today capitalism does not exist anywhere in the world and certainly not in any economically developed country

6. Social formation we are living in today is socialism. Using Marxist understanding and phraseology, under our socialism the working class has finally succeeded, it has won the power battle as much as it ever was able to - on the contrary to all absurd Marxists conclusions bound to establish totalitarian dictatorship of the top-level State bureaucracy called “communism” and against all property censuses or voting franchises designed to support political power of bourgeoisie or of the people of property. The only winner, whose gains from socialism supercede those of the working class (or rather those of the low-skilled part of the working class as well as those of the unfitted and unable individuals, because high skilled workers are probably also loosing from modern socialism paying those enormous taxes) is the state bureaucracy and particularly the top-

level state bureaucracy. Total real benefits of the top-level state bureaucracy (including salaries and monetary bonuses related to performance of various state functions; office related benefits such as luxurious traveling and transportation, office premises, dining and wining, social events; huge employment possibilities for friends and relatives; opportunities for promotion of affiliated political parties' interests; political, social and economic influence including contracting influence and bargaining power; after-the-office benefits; personal affirmation, pride, self-esteem etc.; information transferable in financial benefits for example on the stock market and so on and on) today beat not only those of the modern small and medium-size "bourgeoisie", but sometimes even incomes of the large one. While state revenues in economically developed countries beat revenues of the entire national "bourgeoisie" taken together (covering around a half of GDP).

7. Socialism and democracy are indivisible. It is only democracy with universal and equal suffrage what brings socialism. Democracy, though being better than any form of dictatorship, owing to universal and equal suffrage inherently embraces permanently escalating redistribution of property, which represents both a complete absurdity and a foundation of socialism.

*If socialism and property (income) redistributions in 19th century were at least understandable if not justifiable taking into account extreme poverty, hunger and devastating living conditions of certain groups of population, today with our national wealth as well as with historically and geographically immense minimal salaries, nothing can either justify or even make to understand them, especially taking into account their irreversible and permanently escalating character.*

## Legal Corruption

Understanding of corruption in the modern world is generally inadequate. Corruption is implicitly understood as an illegal act of utilization of one's own position in one's own interests or to one's own personal advantage. This is corruption, all right. However, such illegal or out-of-law corruption is only a part of the general phenomenon of corruption and not yet the most important and the most determinative part. The very essence of corruption lies much deeper than that.

General phenomenon of corruption is, first of all, connected with corruption in the system of social and property relations. Corruption of the system of societal relations is always in-law or legal corruption and means unjust and inefficient, but absolutely legal system of income distribution in society. This phenomenon might become clearer if we abstract from modern economically developed society and turn to a history of mankind or to modern underdeveloped nations. Hardly arguable would be that the system of income distribution in Ancient Rome between slaves and slave-owners was unjust and inefficient yet, it was perfectly legal. Later such shocking types of income distribution have disappeared, however a large variety of less severe and likewise perfectly legal kinds emerged.

Profound nature of corruption is rather simple - it stands in appropriation of exclusive or monopolistic income based on mechanisms of power and coercion and comprises both lawful and illegal corruption. In the modern world as well as in any historical retrospective a final source of power and coercion is the State and therefore any corruption is first of all associated with the State. On the other hand, State is the last significant social monopoly – monopoly based on mechanisms on power and coercion - left in modern economically developed countries. Any other social monopolies cannot emerge today but relying on the power of State and therefore owing to State's direct or indirect participation. State being a production factor monopoly is having an exclusive right to determine its own value or its own economic contribution establishing or rather permanently escalating a level of taxation of its citizens and residents. State also possesses an exclusive prerogative to establish a price of services (including all associated benefits) of the top-level state bureaucracy. Generally speaking, from the point of view of top-level state bureaucracy the only value of the State stands in social (based on power and coercion) possibilities for appropriation of exclusive income, which level is not determined either by the market or by the people. Otherwise power has no any meaning and business or self-employment would probably be more profitable occupations.

*General level of corruption in society is not determined by any illegal actions, it is fundamentally a pure legal phenomenon, which basically means that the more income and revenues based on mechanisms of power and coercion exists in society – the more corrupted it is. Under modern realities of abundant societal domination of State monopoly social corruption is rather straightforward – the larger State budget (in relation to GDP) or the more State revenues based on coercion we encounter the more corrupted is this particular society.*

Although, separate cases of illegal corruption cannot be entirely connected with the corruption in system of social relations, illegal corruption as a social phenomenon or taken as a whole is significantly determined by the level of legal or in-law corruption in society. Where a level of in-law corruption is low, illegal corruption normally is also insignificant and vice-a-versa.

Let us consider a very simple illustration of in-law corruption in modern economically developed society - State agency for regulation of agricultural market. Activity of such agency is inefficient because its general idea is to help farmers and either to subsidize agricultural production or to keep agricultural prices above the market equilibrium employing certain kind of regulatory measures related to diminishing of the supply of agricultural products. What it means from the point of view of macroeconomic efficiency – scarce resources are squandered in the field where they do not produce the most efficient economic results. On the other hand, this practice is also producing an equal degree of societal injustice, because higher prices or subsidies in agriculture means that people have to pay more of their hard-earned money for the regulated activities. Speaking otherwise, people in other sectors of economy have to work harder or more for the same amount of money than people in agriculture. On top of that, people also have to pay taxes in order to finance these regulatory measures or subsidies. Tax money is partly going to agency's employees, which actions under such circumstances neither produce economic efficiency nor can be socially justified. Probably people in that agency, especially technical experts and middle management, are skilled professionals and hard-workers. But this does not change a bit an essence of their actions – their activity is generally inefficient. While we can be sure that the top management of this agency will do everything possible in order not only to maintain agency's status, but also in order to expand agency's responsibilities and to increase its budget simultaneously escalating a level of in-law corruption in society.

*Any legal activity, which is producing economic inefficiency and injustice in income distribution and which is based on mechanisms of power and coercion represents the in-law corruption or corruption of the system of social and property relations.*

## Socialist Ideas

Socialist ideas, no matter how idealistic and attractive they might sound, are incorporating a serious threat to economic efficiency and societal justice stimulating and accelerating forcible (based on mechanisms of power and coercion) property and income redistribution. Generally speaking, any income redistribution must generate at least certain degree of skepticism primarily because it is based on coercive expropriation of property. Excessive income redistribution associated with representative democracy and accelerating under an influence of socialist ideas is detrimental both in the short and in the long-term and not so much economically but to a significantly larger extent socially.

*Economically* socialist conceptions are leading to a lower competitiveness and lower efficiency. Such outcome is natural because competition does not care about political or social justifications underlying redistribution, the only thing it cares - is efficiency. In reality all socialist conceptions are having only pseudo-justification brought mainly by a weakness of human nature, which is rather eager to rely upon assured support and social guarantees generated on account of the other people. In fact there is no such thing as social justification of inefficiency. What is inefficient is never fair and vice a versa what is unfair is always inefficient. At the end of the day people have to pay all the time for any kind of inefficiency, while normally only a small powerful and socially strong minority is lucratively benefiting from it.

*Social* harm of socialist conceptions is much more profound and a way more severe as well as significantly more dangerous. At least three fundamental dimensions of the social harm of socialist ideas can be identified:

1. Socialist ideas are producing one or another degree of social parasitism – envy and addiction to living on coercively extorted unearned income and benefits combined with mounting income redistribution through the State and with intensifying inefficiency of enormous public sector significantly projected towards inefficiency of private one, which is starting to serve the State and particular bureaucrats rather than the market and the people
2. Socialist conceptions idealizing social realities are leading to escalation of social mendacity and social hypocrisy in society. Inconsistent idealistic social views produce a massive misunderstanding of societal realities in economically developed countries, which is rapidly embracing the entire world. Misunderstanding of societal realities is quite dangerous phenomenon constantly preparing grounds for social cataclysms, which we have witnessed for unnumbered amount of times in the history of mankind. Although misunderstanding of social realities is not a single and may not even be the main reason of social cataclysms, it is significantly diminishing people's capacities to fight fundamental societal deficiencies leaving us helpless in front of the forthcoming social catastrophes.

3. Socialist ideas pumping State with enormous financial resources (first of all under the income redistribution process) are leading to growing political, economic and social domination of the State in society and to a permanently consolidating subordination of private individuals to the State. While subordination of people to the State is finally what dictatorship is all about.

Economic inefficiency and social deficiency of socialist ideas are destructive not only for economically developed countries dominated by socialist ideologies. Economic inefficiency accompanied by social consequences of the socialist experiments is even more harmful for underdeveloped countries, which are far behind economically developed countries in terms of economic and social progress. Elevating general level of inefficiency in underdeveloped society socialist conceptions are deepening this gap from one side, while moving these countries closer and closer to totalitarian dictatorships from the other side further escalating there State domination, which is enormous in these countries even without socialist recipes imposed under an influence of economically developed nations.

Entire theoretical absurdity and practical inconsistency of socialist ideas is based upon three fundamental delusions persistent in modern world:

1. Severe misapprehension of the nature of State as of the social institution
2. Misconception of the nature of representative democracy
3. Over-idealization of the nature of society (whatever "society" is)

Not only socialist and liberal tradition, but sometimes even conservative social philosophy are dominated by a vision of the State as of some kind of social and economic arbiter, as of an institution which suppose to create and maintain adequate social and property regime, as of a guardian of public interest and as of a general manager of "public property". Misapprehension of the State's nature coming from such views is equally based on misconception of the nature of state property and of the property as such for that matter. Generally speaking the very idea of "public property" may have some legislative designation as well as some ideological bend, but from the point of view of sociology or of political economy – there is no such thing as "public property". Every property belongs to somebody in the very distinctive terms – otherwise it is not a property as an air or a planet of Mars. What belongs to everybody does not belong to anybody. Every property is having its real private proprietors. That goes for any corporate or associated property as well as for the State. Only those people who are able to manage associated or state property up to their utmost personal advantage and who are able to appropriate from that kind of property some important income can be called its proprietors. In this sense the state property never belongs to all people on equal basis. Under dictatorship it belongs to a dictator (or to a small number of his associates) and is transforming into his private property. Democracy, on the other hand, from the point of view of property relations represents a rip off from the property rights of dictator by the top-level state bureaucracy (by representatives), and certainly not a rip off from the property rights of dictator by the people. Not to mention that in science there is no such

thing as “people”, there are only separate private individuals with their private contradictory to one another and often mutually exclusive interests. “People”, whoever they are, have no any claims or rights upon the state property, at most only somewhat indirect influence upon state expenditures. They are merely being thrown a bone of a certain part of the state revenues (social security) in order to create certain social illusions and in order for the top-level state bureaucracy to appropriate the rest of the state revenues in one small happy family.

Real true nature of the state property is entirely downgrading postulates mentioned above. First of all, under no circumstances the State supports and maintains any property regime. Major goal of the State or major goal of the state’s real proprietors, both under dictatorship and under democracy, is to obtain through the State as much property or as much revenues as it is only possible. Speaking otherwise, the main objective of the State what concerns property regime is to get a hold of as much property and of as much revenues for internal consumption of the top-level state bureaucracy as it is only possible. Under democracy methods are merely becoming more civilized while an underlying determinant of the process remains to be the same. Instead of rough and tough property expropriations a predominant role is played by unlimited and uncontrollable phenomenon of taxation. Preservation of any property regime by the State under these circumstances is a logical absurdity. Single property regime, which the State is eager to promote and to maintain, is the communism with unlimited state property and uncontrollable income appropriations by the top-level state bureaucracy. Only counteraction on behalf of the people is not allowing the State to get such property regime. In order to be social, economic or property arbiter one must be at least impartial, unbiased and personally disinterested in outcome. Neither of which comes with the story of the State, which is an enormously co-interested player in any property game. Much worse than that - State is a purely monopolistic social and economic agent with exclusive social and property rights on particular territory (as a final or rather a single source of power and coercion) and therefore to one degree or another is always a non-socialized institution.

Democracy being the strongest advocate of socialist ideas simultaneously is enormously abused by them. Socialism tends to pump into the State immense financial resources shifting societal balance of power towards progressively increasing state domination in society, final logical end of which is dictatorship or even communism. Democracy is far from being sufficient for a complete realization of societal justice. Generally speaking democracy is not as important as personal freedom; it is merely a tool for more adequate realization of personal freedom. Since the state property never belongs to people, democracy would hardly ever allow the people to manage state property (and first of all to administer mechanisms of power and coercion) under any circumstances. But much more important is that the nature of personal freedom is not democracy either. The nature of personal freedom is property – the property on our lives, on our aspirations, sentiments, on our abilities and capacities as well as on production factors. When there is no preservation and multiplication of property (including first of all of such fundamental

property as human life) – there is no any freedom. Democracy, though is better than dictatorship and being, besides, superior to dictatorship in terms of societal justice, still represents a certain denominator for property, efficiency and finally for societal justice as well. And why democracy creates these imperfections in societal system? For a simple reason that under the universal suffrage or under the “one man – one vote” – poorer (not just “poor”, but poor and middle-income) people being every time in majority are always getting a redistribution of income of the “richer” people in their favor and there is no end to this process, except for an absurd logical end – the communism. In blindfold assurance that state property is a public one, they expect to get proceeds of such redistribution personally. Of course, a lion share of all taxes we pay is divided among the top-level state bureaucracy and bureaucracy generally in a complex variety of ways. However, income redistribution does create illusions – illusions, which are supporting and promoting a permanently growing level of taxation; illusions, which are strongly supported and extensively promoted by their major beneficiaries – the State and top-level state bureaucracy.

Role of society in promotion of socialist values is a bit more complicated issue. Generally speaking, society or social infrastructure from the point of view of property relations serves basically for maintenance of existing social order or of the current system of social and property relations. Nothing bad is here yet. Social orders or social constructions, however, are quite imperfect. It is hard to imagine that in the history of mankind has ever existed a perfect societal order. Therefore, society or social infrastructure maintains and preserves something imperfect. Still this is not too bad. Much depends on “preserves” from what – from something better or from something worse. If we imagine a course of social evolution as a permanently improving and advancing society – not only economically, but also what concerns property relations and societal systems – then we must admit that society or rather the social infrastructure by preserving existing social order might stand on the way of social and economic progress. Of course, sometimes there is also a regress (normally short-term) in social evolution as well, as would be communism, national-socialism or any kind of dictatorship for that matter. What is the most certain, however, is that every single society or every single social infrastructure together with all its elements (law, culture, education, moral values, etc.), just like the State, is not something neutral or impartial. It is having its own very distinctive character and rather distinctive interests being paid and paid big, including, first of all, by the State, in order, for no matter what, to preserve existing social and property relations (including once upon a time - slavery, feudalism and communism for example). Sometimes society or social infrastructure does not look that bad, but it always does care very relatively if at all about any private interests except those for which promotion it is being paid. After all, society is merely a social (based on power and coercion) marketplace where people sell their non-socialized or exclusive interests (socialized interests people sell at the economic marketplace) and where only the strongest succeed in this “selling”. Those who benefit the most from communism as well as from modern socialism of economically developed nations are not the most vulnerable parts of population, but vice-a-versa - the most fitted

and the socially strongest individuals and social groups, which easily learn how to abuse any types of income redistribution.

All people are born and moreover should remain free, independent and dignified and not herd-bound animal-like creatures, which are afraid of every single lifetime inconvenience, as socialist and communist traditions are eager to represent us. Human individuality and power of human intelligence - is a foundation for that.

The very essence of socialist ideas is largely questionable since they actually propose an act, which if not thoroughly justified (and it is hardly ever justified at all) is significantly similar to an act of robbery – there is a very thin difference between theft and income redistribution. Generally speaking income or property redistribution never passes just like that - never remains unpunished. Just like robbery is being punished by the man-made laws, in the very same way an excessive level of income redistribution is always punished by natural societal laws, which are bound to prevent any kind of societal inefficiency including through elimination of ineffective and wasteful societies.

## **Income redistribution and social idealism**

There are two fundamental societal problems within any modern economically developed society. They are rooted not just in economic realities and unfortunately already not just in social life but are beginning to be immanent and dominating features of human nature. Those are – addiction to extreme levels of *income redistribution* or *social parasitism* and *social idealism* or idealistic (false) apprehension of society and social realities. These two fundamental states of spirit are influencing or even are rather generating major economic and social problems of modern society. Among them are over-bureaucratization; state domination in society as well as economic and social dependence of businesses and private individuals upon the State; permanently accelerating inefficiency of an enormous public sector, which is significantly projected towards the inefficiency of private one; over-regulation and often absurd laws and regulations; inadequate and lent economic development; persistent loss of economic and social competition, etc.

Income redistribution is a phenomenon, which is more and more consuming modern society. Once it has already destroyed communism and now is threatening to modern socialist society of economically developed nations. Today, manifestations of the extreme levels of income redistribution are comprehensive and alarming for every objective observer. Income redistribution in its simplicity is very far from being merely redistribution in favor of vulnerable parts of population. Besides rather exaggerated, mostly unjustifiable and cumbersome “social protection”, income redistribution equally embraces a huge redistribution of income in favor of state bureaucracy (including, first of all for, their salaries and other direct material benefits), income redistribution for business support and promotion (including direct and indirect subsidies), employment related redistribution of income (including welfare, unemployment benefits, minimal salaries, redundancy payments, etc.) and even international redistribution of income through international aid. Usually people are associating income redistribution with massive social benefits (pensions, education, social security, health care, unemployment benefits, etc.) dominating modern economically developed society. However, rising social payments and economic problems of the State in serving them represent only a tip of the iceberg, which is creating certain economic inconveniency on background of the much harsher social problems such as:

1. Growing corporate and business dependence on State regulation, “public” procurement and on particular public officials. Instead of serving the market and the people, business is increasingly serving particular state bureaucrats and the entire state machine. Extraordinary income redistribution through the State is critically enforcing interests connected with the state expenditures and stimulates permanently rising inefficiency of the State, public and private sectors.
2. Financial, moral and ideological dependence of academics, media and other public opinion makers on state funding, state subsidies and state regulations is critically limiting

a freedom of expression. People are becoming progressively dependent upon the State - universities, academics and non-governmental organizations being tied up by State funds, subsidies and expertise procurement, corporations - by State orders and bureaucratic regulations, media by imposed on society idealistic views, which are handcuffing both adequate apprehension of reality and rational public opinion, etc. Freedom of expression is very much undermined by elevated state domination in society (including by financial domination), while under general limitation of freedom it is only a matter of time for the visible limitations of democracy to come. So far economically developed countries are closer to our understanding of democracy than to our understanding of dictatorship, but first of all there is no any unambiguous qualitative difference between the two social systems – the difference is rather quantitative in terms of how much of the state control over people, property and society we've got. On the other hand, authoritarian vector in modern socialist society is sufficiently persistent and is furthermore promoted by co-interested (first of all, financially co-interested) political elites and by massive income redistribution through the State.

3. Immense over-regulation of economy is leading to a constant loss of economic freedom. While economic freedom is one hundred percent positively correlated with personal freedom; moreover it is only the economic freedom what generates political freedom and absolutely nothing else. No economic freedom - no personal freedom; less economic freedom - equally less personal freedom.

4. Socialist ideas dominating modern society serve as an important tool for preservation and acceleration of coercive income redistribution and of immanent to it inefficiency. They also act as a fundamental promoter for misunderstanding of social realities or for social idealism consequentially further enforcing both income redistribution and social mendacity in our society.

5. All these developments are totally in favor of the State and of the top-level state bureaucracy, which under different slogans, banners and other ideological fetishes are promoting their own egocentric and non-socialized financial interests. These interests shifting a balance of power in society in favor of state bureaucracy are leading to accelerating personal dependence upon the State, deterioration of personal freedom and to cosmetic democracy. Further evolution of this tendency is threatening with an authoritarian regime or even worse than that - with violent social counteraction.

Even though certain income redistribution is probably unavoidable, the problem stands in the fact that unfortunately there is no end to this process. Socialist democracy based on universal suffrage is not only escalating income redistribution, but what is far more deficient for any societal construction – it is also escalating accelerating involvement in society of the mechanisms of power and coercion. In the short, medium and long-term perspective there are no any comprehensive social instruments capable to limit income redistribution under representative democracy supported by the two fundamental social pressures. First is that poorer people (not just “poor”) being always in majority, are eager

to infinitely take away something from the richer ones. And second is that interests of the State and of the top-level state bureaucracy are always backing up higher state expenditures and therefore more income redistribution as well. Single tool, we are having today in order to fight excessive levels of income redistribution is the competition between states and societal systems, which is depriving inefficient states and social constructions from the very right on existence. Unfortunately, as we have seen, this tool is very far from being perfect. On the other hand, with emergence of various supra-national state entities it might be further damaged by newly appeared possibilities to cover state inefficiency under colossal commercial and negotiation power on international arena.

Income redistribution persistent in modern economically developed countries is harmful not only for them, but is even more destructive for underdeveloped societies. Underdeveloped countries are doomed to orient on the very same socialist values and, first of all, on the very same socialist democracy of economically developed countries, which further accelerating there already extraordinary state domination are crucially limiting these countries development capacities and are destroying them in the short, medium and long-term perspective.

Income redistribution is very difficult to reverse under any circumstances. There are three fundamental reasons for that:

1. Poorer people are always eager to vote in a way, which allows them to get something from the richer ones and there is no end to this process under representative democracy especially when people are getting the taste for it covered by perverse social justification
2. People and moreover people in power (top-level state bureaucracy) are never giving up voluntarily once acquired benefits and positions without a fight. Such fight is becoming tougher and tougher with every penny added to income redistribution through the State. To fight benefits and privileges of state bureaucracy is also problematic because people in power are the "socially strongest" individuals (one have to be strong enough in order to get into significantly closed power circles) from whom it is very difficult to usurp any piece of their power and any part of their income.
3. Unsustainable social idealism dominating modern economically developed countries founded on excessive income redistribution produces a lot of impediments for thorough apprehension of societal and political realities

Social idealism represents another quite fascinating, sufficiently attractive and rather problematic social phenomenon. Besides misapprehension of social realities, social idealism also implies attributing a decisive role in societal processes to certain elements of social infrastructure such as moral values, law, public opinion etc. Such an approach can be very appealing to different people and social groups. People, especially in economically developed countries, love to advance our nice and mild homemade moral environment on economics, politics and society. From one side, it might be nice to set up social phenomena and direct social processes according to the principles of general

morality. From the other side, there is one potential danger in doing that. We can never be sure that our moral principles are "good" in reality. What seems nice and appropriate thing today might look rather repulsive tomorrow. For example, slavery was once a common part of ancient Roman society never questioned, but rather vice a versa always favored by Roman morality. Yet today we would probably be very much offended if somebody will stand up in favor of slavery. The problem with society is not only that nothing is determined by idealistic moral categories, but vice a versa all those categories are based exclusively on rough and tough materialistic assumptions. Making very complicated things easier - the richer is society the more just and more moral it is. Poor societies are generally unjust and immoral – not because they are poor, but because most of the time they are having perverse social or societal systems and because of those systems they are poor.

Another part of social infrastructure, which often seems as would be determinative of social or societal processes, is the law. There is no denial of the importance of law, first of all, because denunciation or violation of legal system might bring along even more repugnant social construction. However, generally speaking, law just like any other part of social infrastructure is always covering up exclusive rights of particular individuals and, first of all, their exclusive based on mechanisms of power and coercion income appropriation opportunities. This was the case in ancient Rome when law protected slave-owners against slaves, it was the case in medieval society when law protected barons and land aristocracy against peasantry and other hard-working population, it was the case under communism when law protected exclusive property rights of top State dictators upon the entire state property and upon people's lives, it was the case in nazi Germany when law protected we all know what, and it is still the case in our modern society when law is covering up and protecting state domination and massive income redistribution, expropriation and appropriation by the State and top-level state bureaucracy. Law is merely a tool for preservation of particular type of societal system, while societal systems are always imperfect just as any law. Law always reflects injustice and inefficiency of current societal system. It does not create any social construction - it is only marking down on paper a balance of power existing in society whatever intolerable or unfair that balance is. If law does not reflect a balance of power or if it is not based on property relations then it is becoming non-operational right away. Those who have studied underdeveloped societies are probably familiar with a quite common phenomenon when almost perfect laws in words are not working simply because they do not reflect the balance of power in that particular society.

Principal foundation of social idealism is, of course, high material standards of living or an affluence of modern economically developed society. Besides that, social idealism is having two important artificial sources of support. First one is connected with a simple fact that people always fancy to see their society as more idealistic, more ideal and friendlier. However, any society is good and becoming even better with the time not because people are becoming better, but only because society is becoming wealthier, while people are becoming richer. Only because people and society are becoming

wealthier people are becoming "better" and society is becoming fairer. If one day all our financial foundation will disappear owing to some natural or social cataclysm, all the present day morality will disappear right away as it happened recently in former Soviet Union. Second source of artificial support for social idealism is coming from the people who are benefiting from it – from people who are profiting from associated with the social idealism additional financial resources or transferred taxpayers money for idealistic and normally futile social programs. Those programs generally represent not only economic waste but also the waste in terms of general morality since with this money invested in productive business activities, society would become richer and therefore also more just and more moral.

Both tendencies here identified are quite problematic taken separately and much more than twice as problematic taken together. Taken together income redistribution, social parasitism and social idealism are making people to fight for the wrong social principles. People's energy and good intentions are wasted on creation of obstacles and barriers on the way of economic development and social evolution such as for example fight against globalization, for state domination and over-regulation, for preservation and escalation of huge income redistribution, all of which represent a significant regress in economic and social relations. Unfortunately there is even more to it. Income redistribution and social idealism are not only constantly and gradually undermining personal freedom, but are also discrediting democracy and threatening with authoritarian ruling and totalitarian dictatorship.

## Few words on the nature of taxation

People are getting so used to taxes, that questions on the nature and fairness of taxation as such or of the phenomenon of taxation generally arise quite rarely. At most people are arguing about a level of taxation or about a nature of newly introduced taxes. Arguing about taxation generally does not seem to do any good since as far as we have no any viable alternative to the State per se, we have to support it somehow, even though it may be not a very efficient or not even a very socialized social institution, but rather a single source of power and coercion in the modern world and a monopolistic agent with exclusive (on particular geographic territory) social and property rights.

Generally speaking any taxation must produce at least several straightforward reservations what concerns its volume, fairness and even legitimacy:

1. What from the point of view of societal and economic justice and even from the point of view of general morality is allowing to expropriate people's income (or what is the same - people's property) and to redistribute it to the other people? Where is a justification for that? Such an action seems to be very close to an act of robbery and in its nature merely represents a primitive forcible expropriation. Law is a very poor argument here. Mainly because law does not explain and does not introduce anything in society - it is merely marking down on paper existing social realities or existing in society balance of power. Much more interesting is what societal realities, developments and what social processes are allowing non-punishable expropriation of people's income and of people's property.
2. Why do we tend to redistribute financial resources from the most efficient private proprietors to the least efficient, being based on coercion to one degree or another always non-socialized and to the most gigantic monopoly in modern world – the State?
3. Where is the end to this process if at all? How to stop it as every year governments and States invent and impose a handful of new taxes as well as increase already existing ones and afterwards people are always voting for all that?
4. How is it possible to make people absolutely resilient to their own interests and "robotize" them to such a degree that they would be glad to voluntarily give up parts of their hard-earned income? How people being in a complete sanity are able to vote against their own interests? There are must be much more profound and concealed interests involved, which are playing here a major role.

In order to bring at least some clarity to an issue of why do we have taxation and why do we have it permanently growing, we must determine what interests or vice a versa what types of misapprehension of private interests are allowing and stimulating taxation in modern society. Generally speaking four types of such interests, which are driving up the phenomenon of taxation, can be identified.

1. Major promoter and major beneficiary of income redistribution in modern society is the top-level state bureaucracy. Basically a single interest of top-level state bureaucracy in the

State is based on existing opportunities to appropriate an extra-natural (non-market) income connected with the state monopoly. Otherwise, business or entrepreneurial activity would probably be more profitable for them. Nature of the income of top-level state bureaucracy is rather simple - if we take all tax collections as a state revenue and deduct all the state expenditures associated with income redistribution and with provision of the state or "public" services - leftovers, which might be considered as state profit or state income, are appropriated by the top-level state bureaucracy in a large variety of ways. Those ways in fact are rather complicated and deserve a special separate analysis, however, for a simple demonstration we will name first of all salaries and monetary bonuses related to performance of various State functions; office related benefits such as luxurious transportation (cars, traveling, etc.), office premises, dining and wining, social events; employment possibilities for friends and relatives; opportunities for promotion of affiliated organizations and political parties; political, social and economic influence including contracting influence and bargaining power; after-the-office benefits and possibilities; information transferable in financial gains, for example on stock exchange; and so on and on. Big idea, however, just like with any other corporation stands in the fact that in order to get more profits one must generate more revenues and in case of the State it is only possible through additional taxation. The nature of business of the top-level state bureaucracy is a justification of current and additional state spending as well as justification of associated current and additional state functions, tasks and programs

2. Poor and middle-income people are always eager to get an income on behalf of more affluent or rich people. And since those who consider themselves to be "poor" or "poorer" and who envy to enlarge their income (or simply poor and middle-income people) are always in majority - it is very difficult to counteract such interests under the "one man - one vote" election system. While so far we do not have any viable alternative to universal suffrage.

3. Owing to a substantial rise in standards of living in the modern world and in associated level of comfort from one side as well as owing to a widespread of socialist policies and ideas dominating modern economically developed countries from the other, human nature is becoming weaker, softer, more gentle and more eager to rely on various types of assured social support and guarantees further pushing and pulling taxation, socialism and state domination in society.

4. Unsustainable idealism of "middle classes", which are humbly subordinating themselves and the entire society to coercively imposed generosity, creating in this way a whole row of societal deficiencies rather bad not only for themselves, but also for society as a whole. If somebody wants to help other people - it is much more preferably to do on his own within the market environment through a large variety of charities and non-profit organizations and without coercive involvement in this process of the other people against their will as well as without general application of the instruments of coercion for the purpose of generosity. Otherwise what kind of generosity is that?

Taxation is not an isolated social phenomenon - it is actually inseparable from a much more profound and influential social phenomenon - the State. What determines the entire nature of taxation is that taxation represents a major, if not a single, source of state revenues in modern society. Taxation is not very pleasant as it is, but its main problem and deficiency is characterized by an associated generation of certain negative and even disastrous societal consequences, every one of which worth special separate consideration. Additional problem with taxation is that not only it stimulates all those negative consequences, but also that all those consequences in their turn are further on promoting higher taxation. We are actually trapped by an endless circle of negative cause-and-effect relationships such as:

1. Expropriation of income and property, which is the most uncivilized angle of taxation.
2. State domination in society - when more taxes means more State, more state involvement and more state dictate in society up to a dangerous point on the edge of democracy and dictatorship
3. Social parasitism or living on unearned income owing to a forcible expropriation of income and property.
4. Social idealism or inadequate and false apprehension of social realities, which is based upon a variety of societal factors, high taxation being only one of them.
5. Exchange of private investments for the state consumption
6. Tax discrimination coming from progressive taxation, when those who work harder and more - also pay heavily, while those who work less or do not work at all are receiving money from the State.

Another interesting subject for inquiry, analysis and investigation represent taxation systems or the mode in which taxes are collected in modern world and in historical retrospective as well as potential prospective systems of tax collection. Any taxation system we have is not a matter of reason and logic - very far from that - just like almost everything in society. Any taxation system is rather a matter of the balance of power, which exists in particular society. So far the dominating worldwide progressive taxation accompanied by a huge variety of indirect taxes is almost the least efficient and the most damaging for property and societal relations amongst everything we can imagine under democracy and it can only mean one thing - for the time being people are heavily losing a power battle to the State. At least five taxation systems in order of their preference in terms of societal justice and economic efficiency can be proposed for investigation:

1. Progressive taxation - the most inefficient, unfair and discriminative system threatening with unlimited and uncontrollable escalation of income expropriations as well as of the state domination up to a dangerous point on the edge between dictatorship and democracy.
2. Flat rate income tax - fixed non-progressive percentage levied from every person independently from the level of income. For example fixed 10% income tax rate withheld from every single person without dependence on individual income. Richer people are paying more than poorer (because their income is higher), but not progressively more.

3. Flat rate related to indirect taxation without collection of an income tax. Better than previous options because of a restrained discrimination in taxation, but mainly because of a limited coercion applied for tax collection purposes under indirect taxation. Richer people are still paying more (because they are buying more) than poorer.
4. Lump-sum taxation - a fixed amount of money paid by everybody expressed in absolute figures rather than in percentage level and levied from every person in society independently from the level of income. For example – one hundred dollars from every single individual. This is quite a way to stop social parasitism, which is one of the main factors promoting permanently rising levels of taxation and permanently mounting state domination in society. Lump-sum taxation is completely undermining for poorer parts of population the reasons to vote for higher taxation and vice a versa is significantly turning them against any taxation at all. Rich and poor people are paying equally. Tax equality prevails and there is no any tax discrimination.
5. Voluntary contributions or charity donations to the State without any coercive taxation and similar to a mode of financing of non-governmental or non-profit organizations. State has to engage in a free-market competition with non-profit organizations for scarce financial resources. Extraordinary way for elimination of the State coercion and therefore also a huge step towards complete annihilation of the state monopoly.

Such a noble task as searching for alternatives to the taxation per se and to the State in its current form generally unfortunately is very far from being on agenda of social science and of social practice. One of the main reasons for that would probably be a general disbelief in existence of any alternatives. However, a demand for alternative options might be escalating enormously already in the nearest future because in many instances we are now on the edge of how much of the State we can take. At least the following guidelines might be proposed for further research and investigation on how to erase the State or at least the state monopoly from our lives.

1. Essential limitation of the state functions, state expenditures and state budgets. Ideal target for the state expenditures for the time being might be established at around 10% of GDP. And this is only an initial target quite distanced from current societal realities (in vast majority of economically developed countries this indicator is around 50% and sometimes even more).
2. Possible elimination of state financing based on direct taxation, which is heavily relying on comprehensive inspections and therefore on more state interference and coercion.
3. Employing private sector operators and business service providers to perform specific state or governmental tasks and general state management functions particularly aiming at restraining “public” services as such

4. Investigation of the ways to enhance a competition between States and societal systems all over the world including liberalization of production factors' flows aiming at undermining of the state monopoly on particular territory

5. Comprehensive inquiry into further development of regional autonomy or wide-scale federalization of the national State. Particularly worthwhile is examination of a general transfer of tax arrangements as well as of majority of state functions (including income redistribution) primarily to regional administrations aiming at acceleration of interstate and interregional competition between regulatory institutions and simultaneously at dissolution of the state monopoly.

6. Terms limitation for absolutely all positions of top-level state bureaucracy similarly to two terms limit for United States presidency as well as terms limitation for every single person in society to be employed as a top-level public official in legislature, government and judiciary.

7. Introduction of the other State's ruling on particular territory in order to exchange national governance with more efficient one of the other State. This dimension might be particularly worthwhile in case of underdeveloped countries in order to make emigrate the State, not people and capital.

8. Analysis and reassessment of a social value of property census bearing in mind that management of the state property is almost the only thing what State is all about. Even power and coercion are merely the tools for management of state property and state revenues. All other visions of state's nature are mainly brought up by unsustainable emotional appeal and by associated with the State unsustainable social ideologies. Only a lack of exclusive property rights based on power and coercion as well as a profound respect of property rights, which is sufficiently problematic under representative democracy with its enormous income redistribution, can bring along a complete realization of personal freedom and societal justice. The State is just another conventional commercial enterprise, which from the point of view of political economy, serves (as any other enterprise) in order to extract money from the customers (people in this case) and to distribute money to its real proprietors (top level state bureaucracy in this case) after all expenses are paid. If this is so - why not let major customers to determine how much services do they want to buy or whether they want to buy them at all. This is probably a single recipe in order to diminish extraordinary and inefficient state expenditures bearing in mind that the State is also a monopolistic enterprise based on power and coercion. Probably property census in our contemporary realities is not relevant and should be exchanged in consideration for an income census democracy since it is mainly the income what is being expropriated by the State. More income, more taxes paid, more contribution to the state enterprise - more votes on price of the State and on management of the state property; less income, less taxes paid, less contribution to the state budget - less votes. In this way state property will start to acquire somewhat "public" character based on public influence and will cease to be a private machinery for extortions in favor of the top-level

state bureaucracy, people being unable to control neither state property nor income redistribution through the State. Of course, nature, negative characteristics (if any) and social value (if at all) of income census democracy need to be examined in a much more detailed way. Particularly worth consideration how income census might shift a balance of power in society and whether it is not a threat to personal freedom for particular individuals and social groups or rather whether it is not a bigger threat for personal freedom than permanently accelerating state domination in society under representative democracy.

9. At the end of the day might be suggested a comprehensive inquiry into nature, options and outcomes of a general State cancellation or of the anarchism per se, whatever fantastic and unrealistic it might seem and sound.

Taxation systems here identified as well as general guidelines for annihilation of the state monopoly proposed herewith are very basic and in no way pretend to be exclusive, comprehensive and even very realistic for the time being. Main idea, however, is rather to reiterate once again that it should be, there are and always will be ways to manage societal affairs with as little state involvement as it is only possible and one day may be even entirely without the State in its current form. Their investigation is quite a long-term and labor-intensive procedure, which, nevertheless, will pay back enormously because taxes collected by modern States are counted by trillions of dollars taken worldwide, while inefficiency, corruption, economic waste, injustice and a risk of comprehensive social cataclysms brought up by tax collections are beyond any comprehension.

## Our Values and Social Mendacity

Mendacity is more and more consuming and deteriorating our modern society. Somebody might call it "social harmony" or "social values" or even "social justice", but unfortunately today there is no other word for all that except for the "social mendacity". It is surrounding us during our entire life – starting from an early childhood and up until the elder years. And frankly speaking it is not at all too repulsive, vice a versa - quite often it is rather sweet, encouraging, accommodating, comforting and delightful. It is like a drug, which is sparkling up and lightening the reality, but which is not changing it one bit, while dragging people all the way to an irreversible disaster. Fundamental manifestations of social mendacity are surrounding us every step we make and everywhere we go.

1. *Hard work.* Unfortunately hard work in our days rarely brings prosperity, while often misery and poverty. Kissing up, lying each and every way one can, "adapting to circumstances" and socializing in order to get one or another kind of special privileges and benefits bring prosperity. All that is absolutely straightforward since at least half of the entire Gross Domestic Product people make today they are making for the State and for the state bureaucracy. And in order to do a business with the state bureaucracy one needs absolutely different set of personal qualities and skills than in business-to-business and in business-to-consumer environments. One exactly needs the set of "qualifications" above in order to sell rubbish to the State and in order to sell the State's ideological garbage to the people. Not even mentioning that this kind of skills and qualifications is having a rather spoiling and deteriorating effect upon the business relations per se, while more and more businesses are becoming more and more dependent upon the State.

2. *Democracy.* Representative democracy though is better than any form of dictatorship, is not a sacred cow; it is neither a panacea nor even a recipe. Democracy is allowing an enormous degree of property and income extortions from the hardworking people, who on the contrary to all modern days societal arrangements, made it to a relative prosperity. "One man - one vote" is a clear-cut recipe for a social robbery through income redistribution since poorer people (poor and middle classes with envy for social guarantees), not even mentioning the State bureaucracy, are always eager to make a living, partially or entirely, on account of the richer people and since poorer people or those who consider themselves to be poorer or even simply those who would envy to make a living (partially or entirely) on account of the other people are always in majority and there is not a single social limitation for all that under representative democracy, none whatsoever. Owing to universal suffrage the poorer people or at least those who pretend to represent their interests in modern economically developed society are very strong socially. Taken separately some of them or even majority of them might be somewhat weak and poor, but they are rather strong, both socially and economically, taken together and particularly taken together with the state bureaucracy. Otherwise, they would not be able to extract enormous financial resources, going today to income

redistribution, from the State, from multinational corporations and from more affluent people utilizing mechanisms of power and coercion. On the other hand, with half of GDP made for the State (in taxes) and with the other half controlled by the State (through governmental orders, procurement and regulations), where can we squeeze in democracy in this kind of power balance?

3. *Market economy.* Economy totally dependent on governmental orders and regulations and wasting around half of its resources on coercive payments (taxation) to the most inefficient proprietor ever – the State – is not a market economy. It rather represents a pure version of socialism.

4. *Patriotism.* Patriotism is having its good limit in a simple fact that one has to pay enormous taxes to the State and state bureaucracy, which later on will be wasted in the most inefficient, unjust and despicable manner. None foreign country does have any direct claims on our money. Sometimes, using patriotism the State even wants people to sacrifice their own lives for the sake of its non-socialized financial interests.

5. *Social justice.* Hard earned money forcibly expropriated from the hard working people and redistributed with enormous economic waste to the most inefficient social group ever – state bureaucracy - does not look like “social justice”. This very much smells like social robbery.

6. *Social harmony.* Hard earned money coercively expropriated from the hard working people and redistributed with enormous inefficiency, economic waste and accelerating state domination in society, in order to keep certain parts of population fed and away from atrocious, unscrupulous and uncontrollable social rebellion in the best case represent a remote illusion of social harmony, while in the worst - this is portraying a forthcoming social catastrophe.

7. *Individualism.* Individualism, probably, is not even considered as a social value anymore (may be only with an exception of some parts of the United States). We rather need a good solemn collectivist, a “team player”, who is nice on the outside, who complies, who obeys, who does not think too much, who resembles us in various dimensions, who easily fits in, who is not particularly independent, who is bondable by money grabbing, career or idealistic considerations and who can sell any junk with pleasant manners and with a smile on his face.

8. *Equality.* Equality generally is an extremely controversial and an awfully abused social or rather socialist value – first of all because it is very hard to reach an agreement on what equality really means. Huge and uncontrollable income redistributions mostly in favor of the top-level state bureaucracy based on non-socialized exclusive privileges and benefits (majority of which are not even counted as bureaucracy's income such as “public” offices,

transportation, business traveling, wining and dining, bargaining and contracting influence, employment opportunities for friends and relatives, promotion and fundraising for affiliated political parties, after-the-office out-of-government employment opportunities, etc. etc. etc.); extraordinary and ever growing significance of social ties and personal connections for succeeding in life devastatingly crowding out an importance of skills, qualifications and hard work; comprehensive abuse of income redistributions and social benefits; preferential conditions for would be "social minorities" (which in fact already are in great majority taken all together) and serious obstacles for free production factors' flows owing to enormous taxation, extraordinary income redistribution and massive state regulation and therefore for an application of personal talents in the most efficient and productive way are driving further and further away from our society both equality in income (consumption) and equality of opportunities.

9. *Freedom (freedom of expression)*. In the modern world one is free to express himself mostly if he is not interacting in any way with other human beings, and particularly if he does not have to work, if he is not in any kind of business and if he is not engaged in any social activities. Otherwise, the freedom of expression is enormously undermined by our financial and social interests, by dominating idealistic "social values" and by a comprehensive influence of the State in our society, including influence upon our employers and business partners. Criticizing the State as such, the governance system as a whole (not merely the government) and the present day "social values" just like in the 16th century will most probably cost You a job, a career and the business opportunities; unlike in the 16th century - today it will probably not cost You a life.

10. *Rule of law*. Ideally there is nothing wrong with the rule of law - vice a versa it is absolutely essential no matter what, moreover that any law breaking and incompliance usually leads to violent social actions and to even more unpleasant social regimes. However, we must clearly understand that the law being a part of social infrastructure is merely marking down on paper fixed in time balance of power in society; it does not create any social system or any property regime. Among other things, the law and the entire social infrastructure (society) are always protecting exclusive, based on power and coercion, privileges, benefits and incomes of certain groups of population (which got more power in that balance and more resources to make that power) on account of the other people. Law once protected slavery in ancient Rome, nazi regime in Germany and communist massacres in former Soviet Union. Today it is protecting enormous non-socialized and permanently growing property (income) expropriations from the hard working people normally in favor of the most inefficient state bureaucracies.

11. *International community*. World filled with repulsive societal regimes (dictatorships, semi-dictatorships and cosmetic democracies) directed against their own people and lead by bureaucratic, incapable, impotent, corrupted and reactionary international agencies and organizations does not represent any kind of community.

12. *International development.* Buying of political leaders in foreign countries associated with perverse social regimes in pursuit either of would be “national interests” (which mostly reflect non-socialized material interests of the top-level state bureaucracies) or of unsustainable idealized “social values” has nothing to do with international development. This more sounds as a conservation of poverty, of repugnant societal systems, as international regress and as eradication in underdeveloped societies of any trust in any social principles. Moreover, that it is exactly the people in underdeveloped countries, who have to suffer the most from our socialist experiments leading to extreme income redistributions and enormous state domination both at home and in their countries, from imposed on them our "social" or rather socialist values and from our sucking up to their repugnant homeland social regimes. In economically developed countries, even if the State takes half of our income, we can still struggle through the life. But over there, taking away their income, but mostly not allowing people to generate any income because of the comprehensive corruption and ideological dogmas dominating any poor society and enforced by international aid, the State is literally destroying their lives.

Today in any economically developed country we are having the same kind of all-embracing social mendacity, which once dominated and destroyed a former Soviet Union. And it can only mean one thing - with our socialism we are closer and closer to that kind of society. Our proclaimed values are more and more turning into a bleak illusion, which is further and further away from reality and which is based in the best case on unsustainable social idealism, while in the worst - on hypocrisy and social mendacity. We simply do not have any real, tangible and uncorrupted social values and social principles left anymore. People in Soviet Union were also considering their country as the most democratic, fairest and socially harmonized society based on total equality. All of which turned out to be just one big bubble of lie sold by the State and state ideologists to the people and blown away in no time together with underlying it social order, nation, country and patriotism. Today the State is trying to sell the same ideological trash to western civilization and, well, it is remarkably successful in that!

<i>Idealistic values</i>	<i>Real statement of things</i>	
	<i>Former Soviet Union (communist society)</i>	<i>Modern economically developed society</i>
<i>Hard work</i>	Slavery for the State and for state dictators	Hard work for the state bureaucracy and for people addicted to coercive welfare, unless we are proficient in mendacity, kissing up, hypocrisy, in adaptation to circumstances and in “socializing”. Particularly one needs all these qualities in dealing with the State in order to get those huge and wasteful state financial resources. An example of seemingly “hard work” is our employment system, which is probably even more stubborn and rigid than the communist one.

		Besides various and enormous problems, which companies are encountering if they want to get rid of our "hard work", we have absolutely similar to communist system unemployment or welfare payments for a lifetime. The only difference is that under communism people had to work in order to get lifetime income, while we can sit home and enjoy lifetime guarantees, which somebody is paying for us.
<i>Democracy</i>	In official ideology – the most democratic society in the world. In fact the most severe dictatorship ever known in the history of mankind	In official ideology – democracy is a sacred cow, a kind of ideological banner associated with complete realization of social justice, which suppose to symbolize the final achievement of civilization. In reality it is rather so far yet mild, sophisticated and civilized dictatorship of the top-level state bureaucracy – dictatorship of representatives
<i>Patriotism</i>	Was utilized exclusively for people's enslavement in order to extort from them enormous financial resources for internal consumption of the communist party chief and of the top-level state bureaucracy	Is utilized for weakening of people's counteraction to the State and to the state monopoly and for extortion from them of enormous financial resources for internal consumption of the top-level state bureaucracy
<i>Economy</i>	Economy based on single economic proprietor and on single economic agent in society – the State	Economy based on massive and ever growing coercive expropriations of private property (income), on huge and ever growing State property (with state expenditures being in a range of 40-60 percents of GDP), on economic, social and political dependence of all economic agents upon state orders and regulations and finally on permanently diminishing share of private property in economy and society.
<i>Social justice</i>	Nature of society stands in expropriation of whatever financial resources from the people and in redistribution of those resources to top-level state bureaucracy with utilization of the mechanisms of power and coercion (combination of direct coercion, taxation and monopolistic prices) very often at the cost of human lives (especially at the initial stages of communism)	Nature of society is more and more limited to expropriation of ever growing financial resources from the people and their redistribution to top-level state bureaucracy with utilization of the mechanisms of power and coercion (taxation) under ideological pretext of raising social justice and social welfare
<i>Social harmony</i>	Social harmony initially was interposed by physical extermination not only of any active and passive opposition to the regime but also of any signs of household level incompliance	Social harmony is supported by extraordinary and permanently growing income expropriations and redistributions, which are constantly

	with any part of official ideology and active brainwashing of a new generation. Later on social harmony was supported by a combination of visual equality (equality in poverty), extensive social guarantees (two latter factors being associated with extraordinary income redistribution) and by a threat of mechanisms of coercion	elevating state revenues, incomes and benefits of the state bureaucracy and state domination in society
<i>Equality</i>	In official ideology - absolute and complete equality among all members of society. Never in the history of mankind, however, have existed more inequality - when all national productive property (state property) and all state revenues in real terms were privately owned by only one person (communist party chief) or at most by the narrowest circle of his associates, while all other people were prohibited to hold any productive property	In official ideology - equality suppose to be one of the major goals of society. Achievement of this goal, however, leads to coercive expropriation of people's property (income) very close in its nature if not absolutely similar to robbery, which in fact is not only hardly leading to any kind of equality, but which is, vice a versa, increasing inequality redirecting coercively expropriated money towards unearned and non-socialized benefits of top-level State bureaucracy, significantly elevating inequality in terms of social ties and personal connections and stimulating an addiction of people and society to social parasitism (living on coercively expropriated financial resources)
<i>Freedom</i>	Pure slavery (concentration camps) with the most compulsory labor relations at the initial stages. Afterwards when older generations, which knew another life were either exterminated or disappeared naturally, while new generations were brainwashed in new ideology - more freedom on household level and in choice of occupation was allowed, though, none in public and none in terms of private property rights	Superficial, illusory and mostly household level freedom of expression. Any freedom of expression in public is enormously undermined by people and business' dependence upon the State (as the most important buyer in economy, as the largest proprietor and as a final source of coercion) and upon unsustainable idealistic "social values" in which people are equally brainwashed from an early childhood. All this leads to all-embracing social idealism, social mendacity and social hypocrisy.
<i>Law</i>	Official law bearing some kind of external glowing was a pure decoration for the system – real law enacted in communist party's orders and directives was clandestine and mostly kept secret, except for social security provisions. The one and the only function of law was to protect colossal income and property expropriations in favor of communist dictators and of their associates	Idea of law or of the "rule of law" being pretty much abused is still bearing some glowing and decorative function in order to protect, among other things, non-socialized, unearned and permanently growing revenues of the top-level State bureaucracies
<i>International order</i>	Ideological proclamations of "friendship and brotherhood of people of different nations"	Ideological proclamations of "self-determination, international order and

	in fact meant enhancement of dictatorships and state bureaucracies, corruption, inefficiency, poverty and repressions in "friendly" countries and in ideological aliens	international cooperation" in fact mean imposing upon underdeveloped societies of the socialist values and socialist recipes governing modern economically developed society and enforcement in underdeveloped world of the state domination, corruption and dictatorial trends rather severe there even without our interference
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*Ever growing resemblance between the two social systems is based on the simplest logical foundation - fundamental difference between them is not a qualitative, but purely quantitative one in terms of how much of the state domination over people and property or how much of the state dictate persevere in society. Representative democracy merely means that the state domination is less vivid than under dictatorship and that property rights on the state property and on mechanisms of power and coercion are more dispersed and belong to a small group of people (to top-level state bureaucracy or to representatives) and not to a one single person – dictator - as it is the case under dictatorship. While the group control (even of a very small group) is more rational, less subject to passions and emotions and is always weakened by internal contradictions between private interests of members of the group.*

*Ever growing resemblance between the two social systems is exhibiting the simplest fact - our society is going down the drain with permanently accelerating pace. Unfortunately, today there are no other words to describe that. Much more unfortunate is that already it is most unlikely that it can be saved.*

It all started from 2-3% share of state revenues (expenditures) in GDP in 19th century and now in majority of economically developed countries this share is approaching to 60%. Several former communist countries had 80% or so. 80% is a pure communism; our 60% is already a point of no return – undivided domination of the State, of corruption, of mendacity and hypocrisy, of inefficiency, of social parasitism and of pure social and economic waste.

And why can't we save our society – the peak of all our hopes and aspirations? Basically for two simple reasons.

First, it is very difficult to talk about any interventions in the mechanism of society including interventions in order to improve something, because society is not about logic and reason, society is about interests and power. We have an objective balance of power in society, which owing to representative democracy is more and more leaning towards socialism with a logical absurd end – the communism. And with our 60% share of state revenues in GDP and with all-embracing state regulation of the rest 40% we are almost there.

Because huge and expensive ideological apparatus is always working in order to brainwash, to fool, to trick, to coerce, to buy or to persuade people in some other way and to disallow sober apprehension of social realities, majority of people never understand a nature of the State and a nature of society. Our single hope is that, somehow, we can influence not only people's apprehension of the nature of society but much more importantly their apprehension of their own interests - because obviously if a person works hard and then somebody coercively takes away 40-50 percents of his earnings (in taxes) and he does not rebel - something must be wrong with his apprehension of his own interests.

Second, even if we will be so optimistic (or better to say "idealistic") and believe that we can convince people to come to reason without any reality shocks, it will take a lot of time, while social parasitism, legal corruption, inefficiency, social mendacity and state domination in society are not staying in tact but are permanently accelerating and it is most unlikely that we still have that time.

Our civilization is at a brink of collapse coming from our support of disgusting political regimes worldwide, from enormous and unstoppable immigration from countries devastated by our international aid, from inability to have any policy response to profound economic crises due to enormously elevated level of taxation and colossal national debts, from worldwide political domination of repulsive political regimes, from rapidly accelerating demographic crisis, from crisis of limited energy resources, from terrorism, from spreading and newly emerging diseases, from climate changes, from hardly controllable widespread of nuclear weapon. We have already given away in a rather distasteful manner majority of our values and principles in order to please both our own voters and repulsive national governments worldwide. If on top of all those permanently accelerating problems we are also losing our values to comprehensive human rights violations throughout the globe – not only we are threatened in our very existence, but we may even do not deserve the very right to exist as a human specie.

*We can never imagine in what way countries or societal constructions will be destroyed, though we definitely know owing to what factors modern or historical societies are being obliterated (overflowing social parasitism, downgrading of business activities, devastating immigration, terrorist attacks, influence of less civilized countries and social regimes, etc.). Inefficient societies are always vanishing just like any waste in the Universe. While our society losing all its values and drowning in all-penetrating inefficiency, astonishing social parasitism and comprehensive lawful corruption is no more able to defend itself or its values even at home, not mentioning globally or Universally.*

## **Our Society and Social Robbery**

Under a simple “robbery” we normally understand forcible expropriation of people’s belongings based on application of some kind of force or strength. Under the “social robbery” we can only mean forcible expropriation of people’s property (income) based on application of the social mechanisms of power and coercion.

Existing throughout the entire human history in a variety of forms, social robbery gains sufficiently solid grounds under modern representative democracy combined with modern socialism of economically developed nations. Of course, there are different rational ways to explain and to justify perseverance of social expropriations both in modern society and in any historical retrospective. However, the problem with society stands in that reason is never a driving force of societal processes based on power and coercion and underlined by material interests of self-interest oriented human beings, but merely a more or less influential ideological tool. It is hardly a lucrative exercise to strive for reason in society or try to establish particular social norms and social ideals since society is not about logic and reason, but only about interests, power and coercion. Society is merely a social marketplace where people endeavor to promote their interests relying on mechanisms of power and coercion. Essential foundation of social interests in any historical retrospective or rather in fact what social interests are all about is reallocation of resources from certain people or from certain groups of people to certain other people or to certain other groups of people – reallocation based on social expropriations. There is no any other meaning of the word “social” just as there is nothing else about any state policy. No matter how ardently we support any policy, we cannot implement it without financial resources and we will always prefer if somebody else would be paying for it. On the other hand, we will support any inefficient and even dubious policy, which is providing us with additional financial resources. This is all rather straightforward since average self-interest oriented human being much more prefers his own welfare to any “public” interest.

Social robbery is only possible through the last instance of power and coercion – the State. State is having sufficiently pragmatic, private and rather simple interests in any social expropriations and reallocation of resources - interests, which social infrastructure is always trying to hide with an utmost vigor. Real true proprietors of any State – dictators (under dictatorship) and top-level State bureaucracy including representatives (under democracy) – do not have any other way of earning a living except to expropriate money from the people. They just cannot live without our money - it is the only way how they can exist and the only way how they can brainwash us. They do need to perform a constant brainwashing and propaganda; otherwise sane people will hardly ever contemplate giving some serious resources to devastatingly inefficient social institution. It is rather hard, exhausting and not too profitable to earn money; much easier is to expropriate them - that is what top level State bureaucracy is built upon starting from ancient civilizations and up until today.

*After all, the State is a conventional commercial enterprise, which single source of revenue is coercion, with its real tangible proprietors (top-level State bureaucracy and representatives), whose single objective is to extract as much money from the people for their own personal consumption as it is only possible under circumstances.*

Nature of the State confiscations is very simple. Money are expropriated from people through coercive taxation and redistributed to representatives and top-level State bureaucracy in a large variety of ways (salaries, benefits and bonuses; luxurious offices; transportation and business traveling; wining and dining; bargaining and contracting influence; employment opportunities for friends and relatives; promotion of affiliated organizations and political parties; after-the-office out-of-government employment opportunities, etc. etc. etc.)

Equally clear and simple is the nature of social expropriations associated with representative democracy. "One man – one vote" means nothing else as reallocation of wealth from rich minority to poorer majority – a clear-cut recipe for communist organization of society – "expropriate and redistribute". And we did achieve an enormous success on this chapter – we are already almost there according to a share of State revenues in total national income or in GDP (about 50-60% in majority of economically developed countries) and according to a level of State domination in society.

Poorer (not just "poor") people, being all the time in majority, naturally are always inclined to vote for socialist policies of income redistribution in their favor. In modern world, such policies are often coming from conservative parties seeking not just cheap popularity, but their own survival by appealing to the majority rather than to a small minority. In the long run there is no end or not even one single social or political limitation for all that. Moreover, that social robbery is always supported by thorough brainwashing of the people – brainwashing leading to a devastating social idealism, which is both stimulating property confiscations and simultaneously reducing people's abilities of social counteraction to such confiscations. In the short run there are generally two factors, which are sometimes slowing down growth of the state expenditures or escalation of social expropriations in our society:

1. First one is purely internal or domestic factor – reason and indignation against all-embracing corruption, inefficiency and absurdity of social realities. This factor is rather weak owing to a fundamental solid opposition to it - majority of people are actually co-interested in higher income expropriations from richer people and in income redistributions in their favor – co-interested with the strongest type of human interest – material one. Unfortunately, people are easily selling all the reasons under adequate social justification.

2. Second factor is external or global one – competition between States and societal systems. This factor is much stronger than the first one, but still too feeble in order to interfere with a general trend underlined by interests of majority in income redistributions and by interests of powerful State bureaucracies in higher State revenues. Besides, fundamental impediment for external factor is that today socialist values, extraordinary State revenues and enormous income redistributions are dominating all economically developed countries and there are no any other recipes left in those countries. On the other hand, social and economic competition coming from underdeveloped countries is rather weak, because their economic and political power (one needs political power badly in modern world based on coercive socialist ideas) as well as internationalization of underdeveloped economies is quite insignificant. Not to mention, that socialist values are equally embracing underdeveloped countries under a strong pressure of economically developed nations. Furthermore, newly emerging “economic dragons” together with economic prosperity and under a pressure of representative democracy are normally elevating State revenues and income redistributions up to the levels close to those of economically developed countries. Even less global competition is remaining on account of emergence of the colossal supra-state entities, which are introducing even more coercion and international lobbying and are leaving even less space for the free economy.

May be it wouldn't be anything wrong with social welfare, with income redistribution as well as with all those noble intentions attached to them by common people if not for the three inherent fundamental deficiencies of this process.

1. Social welfare, on the contrary to economic one, is built on mechanisms of power and coercion and on forcible expropriation of other people's property
2. Since society is not about logic and reason, but about interests and power, there are always non-socialized interests around, which will make everything possible in order to profit from any good intention and to extort as much money from people for their own personal consumption as it is only possible. Much worse is if those interests and those people are in fact managing the very mechanisms of power and coercion. They will vigorously endeavor to persuade us that not only such extortions are legitimate, noble, just and absolutely necessary, but also that an opposite way of seeing things is selfish, dishonorable, extravagant and immoral.
3. Since there are no any limits for human wants and desires and since wants of majority under representative democracy are sooner or later materializing through political voting - there are no any political and sociological limits whatsoever for a permanent growth of income redistribution.

Nature of social expropriations associated with representative democracy is also rather straightforward. Money are expropriated from people through coercive taxation and are

redistributed to other people with thorough inefficiency and economic waste (coming from implication in this process of the most inefficient social and economic agent ever - the State); with ideological brainwashing of the entire population (otherwise it is rather difficult to expropriate money from sane people); with accelerating corruption, social mendacity and State domination in society and with associated redistribution of a significant part of this money to the State bureaucracy.

The most interesting show starts, however, when two types of social expropriations, associated with the State and with representative democracy, are combined (in reality of course they are always combined under representative democracy). Here comes a real supremacy of absurdity. All people are being expropriated in favor of the State bureaucracy (the nature of State), but on top of that more or less affluent people are being expropriated both in favor of the State bureaucracy and in favor of poorer people (the nature of representative democracy). Unfortunately, these two types of social robbery form a nature of our modern society; today it scarcely has any other nature.

Because of the comprehensive social robbery, our society embraces more and more mendacity, hypocrisy and corruption. It is very difficult to hide social expropriations under any circumstances. Normally social expropriations generate comprehensive and very expensive cover up and camouflaging mechanisms, which are simultaneously producing social mendacity and hypocrisy in society. And the larger are social expropriations – the higher is a domination of mendacity and hypocrisy until one beautiful sunny day nothing else except mendacity is left. If people can tolerate social expropriations for fairly long time - God established natural societal laws hardly tolerate them at all. They are never buying perverse social justifications invented in non-socialized interests based on power and coercion and are crashing both people and societies built on social expropriations. Inefficient social and property relations are not so easy to maintain. Normally they are rather obvious and straightforward. Unfortunately, there are two fundamental ways to prolong their existence. First one is power and coercion, which are associated with the State in the last instance. Second is ideological brainwashing of the people, which is always accompanied by domination of mendacity in society.

Naturally a real legal possibility to benefit on account of other people supported by adequate social justification sounds very attractive. Today it is considered almost as a social obligation or as a political correctness to vote for more income redistribution. Income redistribution and social expropriations come hand in hand together not merely as a single act or deed, but even in their philosophical nature. Both of them are being fundamentally supported and extensively promoted by top-level State bureaucracy, by our politicians allowing them to redistribute much more money for their own personal consumption, for departmental budgets and expenses, for more and bigger tasks and responsibilities. Unfortunately (or may be fortunately) uncontrollable and unrestrained social expropriation, unless reversed (which is most unlikely), will unavoidably end with

total social degradation and economic collapse of our society just like they recently ended in former communist countries.

Socialism is the name and nature of modern society. Socialism is both a theoretical and practical absurdity not because all socialist answers to any social problems are reduced to primitive "expropriate and redistribute", not because socialism is built exclusively on coercion and therefore is absolutely unjust and inefficient social construction, not even because socialism is associated with the word "incapability" in all the senses and in application to all its promoters (and first of all to the top-level state bureaucracy), but fundamentally because of the straightforward division line, which is separating thievery from any decent type of occupation.

Society based on coercive expropriations is having a rather imaginary and illusory apprehension of social realities. Simply put people are rather living in dreams and in fairy tales than in real world just like they did in the former Soviet Union. Everything seems nice and romantic until one day it starts to irreversibly fall apart. Coercive confiscation of resources no matter how resourcefully camouflaged, in reality remains to be only coercive expropriation, while income redistribution no matter how coherently it is justified remains to be only an uninspiring coercive living on account of the other people.

Inadequate nature of modern economically developed society is having quite a negative influence upon underdeveloped countries, stimulating and disseminating social expropriations all over the world. State dictate in underdeveloped societies is enormous even without our interference – a lot of these countries only recently got rid of communist or semi-communist regimes. And what can we propose to them under all our development policies including international aid – only return back to totalitarian dictatorship if not to communism - through political and financial support of repulsive political regimes, through consolidation of the State, through encouragement of income redistribution, through social idealism – all that these countries barely started to loose and now they are doomed to take them back.

*Unfortunately, today economically developed countries do not know anything else and cannot teach anything else except socialism, social expropriations, lawful corruption, social mendacity and state domination accelerating every minute.*

Our society is being increasingly built on robbery. More than that, today hardly anything else except social robbery has left in it and only systematic and a very expensive ideological brainwashing of people from an early childhood makes us to believe in some other statement of things. Obviously nothing can be raised on robbery and our society hardly deserves the right to exist, at least not in its current form.

## **Liberal, Conservative and Libertarian Principles**

There are a lot of political and social conceptions of different coloring, however, the two most fundamental in terms of their universal influence and in terms of their domination in modern political world are conservative and socialist. Majority of other social philosophies, except may be only for anarchism and classical liberalism or libertarianism, represent merely a variety or sub-types of the two mainstreams above. Originally it all started from blurred conservative (Tories) and liberal (Whigs) political ideas, which besides other things were clearly divided on their position towards monarchy. In 19th and earlier 20th century on account of an almost complete defeat of liberal social philosophy and to smaller extent also on account of a significant approximation of the positions of political conservatism and political liberalism, the survival for liberals became problematic and liberal tradition or classical liberalism had either to join in with conservatism or to adjust itself to a newly emerged socialist or social-democratic political philosophy with a major creed of enormous and never ending property (income) redistributions. Later a number of liberals, who were disappointed with socialism and who finally came to an understanding that promotion of liberal values is in complete disaccord with purely coercive socialist ideas, have formed a libertarian current, which to a significant degree has originated by breaking away both from conservatism and from new liberalism (hardly distinguishable from socialism) and which, on the other hand, can be differentiated from conservatism as classical social philosophy, not as modern political current, with quite a difficulty.

There is, in fact, an enormous difference between conservatism as classical social philosophy and conservatism as modern political practice. Major challenge for conservatism stands in the question – what do we basically want to “conserve” and where we want to be with our conservation? Do we want to conserve what we are having in the modern world or modern socialism of economically developed nations with enormous income redistributions and state domination or rather we want to conserve particular values, ideals and particular type of society in historical retrospective of that time when conservatism as a social philosophy was born? Those, of course, are two absolutely different types of society. If conservatism wishes to conserve modern socialism, it will loose a power battle all the time, because it embarks on the socialist field. In fact, it has already lost this battle completely as a political stream, not may be yet as a social philosophy. Of course, conservatism originally has emerged as an ideology of the protection of monarchy and therefore, directly or indirectly, also of the state domination in society and of income redistribution in favor of the Crown. From this point of view, it is sufficiently close to pro-etatist ideologies and it still embraces atavisms of such political vision today. On the other hand, advocacy of British monarchy of 17th-18th century is very far from advocacy of German state under national-socialism ruling or of Russian state under communism ruling. Besides, conservatism has gained its full-fledged configuration and momentum already in 18th-19th centuries under domination of classical liberal ideas and from this angle it is much close to the latter. Conservatism of today faces a tough choice – either it turns socialist (what it has already done as a political

current) or it joins in with classical liberalism or with libertarianism (to which it is leaning as a social philosophy and to which both its theoreticians are mostly inclined) as there is no any third choice available – either you conserve modern socialism or you try to return to a real capitalism of laissez-faire and of classical liberalism.

For the time being there are three fundamental reasons for differentiating between conservatism and libertarianism as between political currents:

1. Conservatism is closely linked with modern days political realities or with the political process and have to take into account voters' satisfaction. It cannot escape a strong political pressure towards enormous property (income) redistributions inherent to representative democracy and is simply trying to channel these resources in closer correspondence with superficial and seemingly conservative principles and values. Conservative parties will simply loose all their political positions, all votes and all the elections if they would opt for diminishing property (income) redistribution. Libertarianism so far is politically weak and can allow itself a luxury of leaning closer to principles or to philosophical and even idealistic vision of society

2. Weak position of libertarian parties is not allowing libertarian adherents to build a successful political career, re-routing ambitious supporters towards more "profitable" political parties

3. Misunderstanding of a simple fact that realization of all real true conservative values is impossible through their coercive enforcement. This basically relates to all social values, but to conservative ones in particular. We have to remember that all conservative values have emerged when the State, state revenues and state interference in economy and society were close to zero and domination of private property was absolute. And this is basically what we have to "conserve". No conservative values can survive enormous social degradation associated with modern property (income) redistributions; all-embracing lawful corruption; extraordinary state property, state revenues and state domination characteristic for any modern society; permanently diminishing importance of the hard work and constantly rising importance of personal connections; a joke of superficial freedom, liberties and independence of modern socialist society, etc., etc., etc.

Hardly, there is any fundamental or even any single difference between libertarianism and conservatism as between social philosophies, i.e. difference based on their vision of the nature of societal and property relations. The difference is purely artificial – based on seduction of conservatism by the necessity to survive as a political current.

Modern conservative and liberal parties are having nothing to do with conservatism and liberalism as with traditional or classical social philosophies – there is very little, almost negligible difference between them and between socialist parties (which is absolutely straightforward since they cannot propose anything else except for the very same coercive socialist redistribution of income). Both political conservatism and political

liberalism simply sold themselves in exchange for material benefits of these parties' members. All the so called "conservative" and so called "liberal" policies are built on the vast coercion coming from perverse levels of property (income) redistribution in our society, which are leading to permanent acceleration of the state domination and to considerable downgrading of personal freedom.

*In the modern world there are no any conservative or any liberal parties left – the only thing left are socialist parties of different coloring.*

## The State

Today it is considered objectionable to say in literature or in public something unpleasant about the State as such or about the governance system of representative democracy as a whole. Somehow appears a feeling that people are forgetting or are persuaded to forget about thousands of years of constant battles with the State, which is an ultimate cause of coercion and therefore of any societal injustice. History is beginning to look as a permanent perfection and consequential evolution of consolidated nations - as it never was a struggle of slaves for their, as we would say today, "human rights", hundreds of years of social battles against landlords and barons under feudalism, French revolution, class battles under initial stages of capitalism, fighting of communism and nazism, etc., - all of which were directed against the State and against associated with it ruling social groups. Has the State become that good? Or has it rather succeeded in its propaganda? Real true nature of the State has not changed at all and is not better now than it was in 3000 BC, in 14th century or in 1930-1945 in Germany and Russia. In our days the State may be suppressed to certain point in manifestations of its power and coercive capacities. In 19th century it was seriously losing a power battle to the people, but it is already back in economically developed countries and is now armed with unthinkable ever before state revenues. From the point of view of social and property relations or from the point of view of political economy, the State represents merely another economic agent with its own egocentric interests - interests based on power, coercion and exclusive rights. State is a conventional commercial enterprise designed to expropriate money from the people and to divide them among top-level state bureaucracy after all expenditures are paid. In Marxian phraseology, the State is a political mean for economic exploitation of the entire population by top-level state bureaucracy. Under no circumstances the State is designed to regulate property relations or to maintain adequate property regime. It is a dream, a fantasy or a fairy tale that State by itself, by its nature, by associated social and property relations may serve as an economic and social arbiter. Only if the State is annihilated, diminished, despised, even destroyed and conquered by the people only then it is more or less starting to perform certain externally and artificially imposed functions to one or another degree of efficiency. Otherwise, State is always eager to expropriate and to neglect any kind of property. Only people's counteraction to the State is not allowing it to destroy and to expropriate anything and everything in society. State as a final expression of power and coercion is not bound to create any rules or any laws. Rules and laws is an artificial or external function to the State's nature - function imposed by the people.

Modern society, whether we want it or not, is moving slowly and gradually but permanently and persistently towards a general sociality logical or absurd end of which is communism, although it does not mean that at the end of the way we are definitely doomed to reach it once again. State is very much pushing people and modern society in that direction, because governments and state bureaucracies always envy bigger state budgets, more state functions and more State generally. Communism is a logical end of this process since "total State" is exactly what communism is all about, while "more State" is exactly what socialism is all about. So far quite a rapid boost in personal incomes

and a permanently growing level of comfort available to particular modern human being, especially in economically developed countries, are concealing and allowing to neglect the entire societal inefficiency and injustice. If evolutionary or persuasively humanity is more and more orienting itself towards different models of socialism and if counteraction to that seems to be diminishing, then we must have at least some impartial understanding of the main economic agent of today and may be of a single economic proprietor of tomorrow – the State. Today we are persuaded to believe that there are some spheres of activity which are better done through "public" control because of their "natural" character and "economies of scale", tomorrow we will be persuaded to believe that all other types of activities are better done by the State. We must understand what State actually can and is doing and what interests are underlying its each and every action.

Let us reinstate once again rephrasing Oliver Cromwell's "England is not a king and king is not an England" and Murray Rothbard's "we are *not* the government; the government is *not* us" - State is not the people and people are not the State. It is not even rephrasing but rather generalization of the very same thoughts. It does not matter what kind of State we have in mind - democracy, dictatorship, communist or otherwise. Interests of the State and, first of all, material interests of associated with State social groups in income appropriation through the State are not the interests of the people. Vice a versa those interests always had, always are and always will counteract each other. Only a permanent confrontation with the State, which took humanity about ten thousand years beginning from an ancient Egypt and up until today, has procreated the modern system of power and property, which sometimes seems so perfect. If this confrontation will diminish (what is happening now) while economic and social power of State will still be growing (what is also happening now) - the outcomes are unpredictable.

Modern society, including both economically developed and underdeveloped countries, is getting more and more corrupted by the State. We do not mean at all and we are not interested generally in illegal or out-of-law corruption, which is merely a consequence of the legal one. We mean perfectly in-law corruption or corruption in the system of social and property relations brought up by existence of exclusive social and property rights – perfectly legal but unfair and inefficient. Law being merely an element of social infrastructure is only marking down on paper a balance of power achieved at certain point in time within a general process of social counteraction. But, under no circumstances, law is ever establishing property relations or property regimes. May be in-law corruption is better than revolutions, civil wars, class battles and other types of violent social counteraction. But State revenues do not come from nowhere and created by them "social seduction", which is "unsocializing" people and social groups yet needs to be explored. While the line between how much inefficiency and corruption society can take and how much it cannot is rather invisible and easily crossable at the point of no return without any explicative and warning signs and clarifications under way. May be social welfare is generating a feeling of social security and by doing that it is allowing people to apply their talents in more productive and efficient way. But vast social (based

on power and coercion) benefits and massive income redistribution are making a lot of people socially, economically and politically dependent upon the state or even more than that - making people state renters. What is much worse is that representative democracy and associated with it elevated levels of income redistribution is permanently accelerating an implication in society of the mechanisms of power and coercion. Maybe humanity is becoming wealthier and democratically more advanced with every year and a little bit of inefficient and unfair income redistribution and appropriation cannot impair society generally. But how much is that "little bit" and where is the limit when it is still "a little bit" and not "a lot". The same way of judgment or misapprehension was once popular in ancient Rome. It also saw itself as established forever. However, first it lost its democracy and then vanished because of inefficient property relations, in-law and out-of-law corruption. Soviet Union was also not the poorest country in the world. The same goes for France in 1789 and England in 1641 – even economic prosperity is not yet a guarantee for survival. We can only hope that our modern system of social and property relations, which duration so far is much shorter than of the Roman one, will not get that bad.

Idealistic vision of society, state and social evolution and persistent attempts to decorate a real and true nature of their rough and materialistic engine based on property relations and mechanisms of social counteraction between private individuals and social groups unintentionally suggest a parallel with natural evolution. We can also imagine that not a constant struggle for survival or counteraction between species and creatures keeps it moving, but rather think of it as of some kind of animals' cooperation with extremely nice cartoon-like rabbits, tigers, lions, bears who are jointly directing their activity towards some global goal of energy accumulation. The only problem is that they have to eat each other for that purpose. The only difference between natural and social evolution so far stands in the fact that human beings can (although not always do) avoid literal eating of each other for property or energy accumulation purposes. Such difference is already a big gain by itself. Otherwise, however, the process is basically the same. Of course, we do not care so much about image of animals and of natural evolution as we do care about an image of mankind and of the social evolution. Quite often we are losing objectivity here. Subjectivism in our apprehension of society is basically having two motivations. First one is purely and literally innocent expressed by representatives of general public, by establishment of any kind, by academic circles, etc. People would love to see society and mankind looking good, non-materialistic and unselfish. They are lying not even to other people, but to themselves. However, we should not lie to ourselves, it is even worse than lying to others. If somebody is lying only to other people, sooner or later people will understand that he is lying, but it is much more difficult to discover a lie if lying to the others at the same time we are lying to ourselves. Like they say "the road to hell is paved with good intentions". Another motivation is coming from co-interested in certain social, political and economic outcomes social groups. This motivation is completely selfish, egocentric, non-socialized and is primarily based upon the interests of income appropriation. Nevertheless, exactly because it is founded on mendacity, it is being easier to uncover. To deal with the first motivation is much more difficult. Maybe idealistic

apprehension of society, state and social evolution taught in schools, colleges and universities is assuring younger generations' confidence in people, society and future as well as socializing their behavior later on. But only an apprehension of reality, which comes from "myself", is called "idealism", when misapprehension of reality is taught by others it is called "social mendacity". Social mendacity and social idealism are covering up and concealing societal problems, which might require some urgent solutions, and are threatening with a comprehensive societal blow if such solution is postponed. This already happened for unnumbered amount of times in human history, most recent example being Soviet Union. Generally speaking, people in economically developed countries must learn rather comprehensively what happened with the Soviet Union. With our socialism we may be only one step away from that.

If we think about mankind as a whole or about our planet on the Universe scale, where it is merely a small crystal of dust, we cannot be too much excited about achievements of our civilization, although on human scale they may look quite impressive. Just as everything in society and economy is subordinated to maximum economic efficiency requirements, probably in the very same way on the Universe scale we have to pay for inefficiencies in our system of property or energy accumulation. It is rather difficult to imagine how we might have to pay – by destruction of our planet due to some kind of physical or mechanical process, natural cataclysms, internal wars and violence, due to invasion of more advanced extraterrestrial civilizations or in some other way - efficiency does not care about our wishes, dreams, desires, emotions, ideas and sentiments. We may discuss whether we should assure certain level of comfort without a strict reliance on productive possibilities and economic contribution of particular individuals, social groups and social institutions. We may crave for more social security for personal cultural advancement. Finally we may even prefer leisure to any kind of productive activity. However, in order to be absolutely efficient mankind has to win at the Universe level in the very same way as we have to win a competition between individuals, corporations, states and civilizations. This is the highest point of globalization (we just do not feel it for now), all the others being inferior to that.