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Democracy at auction

When governments start selling rights and privileges, democracy ceases to be a contract among citizens and becomes a marketplace for power

US President Donald Trump recently announced that professional work visas (H-1Bs) for the United States will now cost sponsoring institutions $100 000. This is not a fee; it is the price that any company or university that wants to hire a foreigner must pay. Visas have become transactions, and so, too, has naturalisation: the White House is selling 'Trump gold cards' that grant a quick path to permanent residency, and eventual citizenship, for $1 million.

Much else is now for sale. The ability to sell goods in the US is itself now for sale, subject to a price that varies by country and depends on Trump's judgment about how deserving or unworthy that country is. Everywhere you look, government actions are becoming transactions with a price tag. Columbia University, where I work, had to pay $200 million just to reinstate already approved government research funding.

Similarly, the Trump administration denied big US law firms access to government buildings and clients unless they offered hundreds of millions dollars' worth of legal services for causes that Trump cares about. Running a research university is no longer a question of competing for government funding on the merits, and operating law firms is no longer a matter of offering independent professional services. Instead, these activities are subject to presidential approval and one's ability to pay the price he demands.

State = business?

Pricing everything is not unique to the Trump administration. It is the logical result of seeing the state as a business enterprise. In a February 1981 executive order, President Ronald Reagan required all major regulations to undergo an impact assessment. 'Major' was defined as any regulation that would cost the economy $100 million or more annually; significantly 'increase costs or prices for consumers, individual industries,

Federal, state or local government agencies, or geographic regions'; or might adversely affect 'competition, employment, investment, productivity, innovation, or the ability of US-based enterprises to compete with foreign-based enterprises in domestic or export markets.' In other words, the government would no longer govern for the people, but for business.

True, it is one thing to assess the cost of government regulation largely in monetary terms, and quite another matter to sell government services for a price. Still, the underlying logic is similar. In both cases, the state subordinates its own policies to the price mechanism; or, as Karl Polanyi famously put it, the entire society is subjected to the market principle.

What's the problem, though? Isn't business supposed to be more efficient than government?

One obvious problem is that paying for a government action is awfully close to corruption. Those who study the issue argue that in cases where government services are need- or merit-based, paying money to a government official amounts to a bribe. This problem can easily be avoided, however, if payment is sanctioned by law and goes into designated state coffers — not into bureaucrats' pockets.

The enduring lesson is that there is no limit to greed.

But this description is too simple. Governments could simply declare that officials may charge money for their services, and 'corruption' would go away. The deeper question is whether government services should be allocated by price mechanisms at all. Does this practice not violate some fundamental principles of state-citizen relations?

Constitutional democracies, born of the Enlightenment, were founded on the idea of a social contract, whereby 'the people' bestow certain limited powers on the state in exchange for, at a minimum, protection against external and internal threats, or, more expansively, advancing their prosperity. But how much security or prosperity citizens are entitled to – in what form and under what conditions – is a question of political contestation. If successful, such debates inevitably result in compromise. The state, so conceived, embodies the norms and ideas that determine the ends of government, not just its means.

If history is any guide, running the state as if it were the 'ultimate corporation', as Elon Musk put it while he still enjoyed Trump's favour, is not a good idea. During the age of colonialism, corporations were

empowered to govern colonised people, as in the infamous cases of Britain's East India Company, which conquered and ruled much of India, and Belgian King Leopold II's Compagnie du Congo Belge. These 'company states' were even more ruthless than traditional states in exploiting local people, disregarding their cultural and religious preferences, and pushing profitability beyond the limits of what people could bear. In India, this resulted in a rebellion that prompted the British Crown to take control over the subcontinent in 1857.

The enduring lesson is that there is no limit to greed. What has kept state power from subsuming society are checks and balances and bills of rights that tie the purpose of government to the interests of the people. This is the logic of public institutions, not private entities. If it breaks down, the ultimate corporation will dictate all.

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