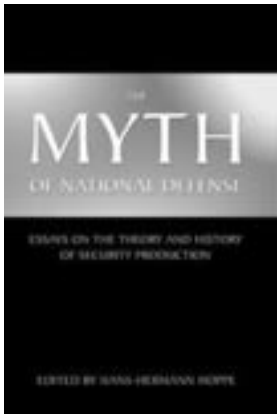
‘ . . . the human species may still be unable to rid the earth of macroparasitic States, just as it may never eliminate all microparasitic diseases. But the possibility that disease is inevitable would never be entertained as an adequate justification for abandoning medicine’s efforts against this scourge . . . Although we may never finally abolish States, there is little doubt that we can do still better at restraining their power if only we can motivate people with the will to be free’.

J. R. Hummel, ‘The Will to Be Free: The Role of Ideology in National Defense’, in the book under review, pp. 296-7.

The Private Provision of All Security

One Liberal Mile Too Far



The Myth of National Defense: Essays on the Theory and History of Security Production
Edited by Hans-Hermann Hoppe

Ludwig von Mises Institute, 2003
453 pp, US$25[1], ISBN 0 945466 37 4

Reviewed by Wolfgang Kasper

The ‘war on terror’ is again highlighting fundamental conflicts between security and liberty. Throughout the relatively free world, 9/11 and all that has been seized with unseemly alacrity by political and bureaucratic controllers to place manifold new limits on our precious liberties. Freedom of information, speech and movement, as well as bank secrecy were curtailed by the US *Patriot Act* and similar legislation elsewhere. In France, the authorities could count on the acclaim of the majority to ban headscarves in schools. The Anglo-Saxon governments appear to relish in the doctrine of pre-emptive interventionism, from the Balkans, Afghanistan, Somalia and Iraq to East Timor and the Solomon Islands. Liberal democracies are now going ‘abroad in search of monsters to destroy’, missions which John Quincy Adams, the second US President, had assumed America would never pursue. Meanwhile, the ‘war on terror’ in all its unfolding ramifications has done wonders for political power and military and bureaucratic careers. The relatively free world is now well on the way to complete electronic

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The record of modern nation states in protecting life, liberty and property is indeed not a pretty one. Even the democracies have performed rather poorly in keeping the peace and protecting private property. One also has to agree with the book under review that functioning communities existed before states were constructed.

citizen surveillance, and all liberal democracies are boosting the share of national income which they confiscate, thus diminishing the economic freedom of the citizens. We still have to see whether all this will enhance or curtail our security in the long run.

To make these observations is not to say that the increased production of security may not be worth a sacrifice of liberty and private property. Security is after all the intertemporal dimension of freedom, and there are inevitable conflicts between the enjoyment of liberty in the present and the securing of our freedom to make autonomous, uncoerced choices in the future. These conflicts have to be resolved anew by every generation.

A volume of essays by twelve prominent philosophers, economists, historians and political scientists from the United States and Europe on the issues of national defence, conceived from a radical-libertarian perspective, is therefore a welcome contribution to the discourse. The authors address fundamental issues of policymaking in democracies, not shying away from intellectual taboos. The publication grew out of the proceedings of a conference of the International Conference on the Unity of Science in Seoul, Korea, held under the auspices of the sometimes controversial Moon sect. It was a conference that I chose not to attend.

The result is a most fascinating and horizon-widening book, whether one agrees with its central hypotheses or not.

The core thesis

The core thesis of the book, as put by Professor Hoppe, the editor, is stark. It is cast in contra-distinction to 'orthodox liberals' and 'public choice analysts', who see a role for a minimal, rule-bound state to defend citizens against external aggression and internal thuggery. The sub-text to most of the chapters and Hoppe's 'Introduction' is that all government and all political-collective action is superfluous and that the government's protective role—as the ultimate enforcer of the rules and the legitimised provider of violence professionals—must not be tolerated. A government monopoly to defend citizens' lives, liberties and property is seen as the thin end of the wedge from which Leviathan grows inexorably. They predict that the continuing rise of the 'national security state' is going to destroy individual liberty and endanger our lives and property. Many of the contributors argue that protective government should be replaced by competing, private 'insurance protectors'.

I can go a long way in agreeing with many of the book's arguments. I accept much of the worrying empirical evidence of military waste and harm in the book. It cites, amongst others, Rudolph Rummel's famous book, which documented that governments caused some 170 million deaths during the 20th century.[2] I also emphatically share the authors' wish for more liberty and less coercive government.

Given the many abuses of political power and the prevalence of rent-seeking, it may be tempting to follow the radical libertarian call for 'ordered anarchy'. However, this is where the majority of liberals, who want small, rule-bound government as an ultimate protector, part ways with the radical libertarians. And—to be explicit about this at the outset—nor can I accept the radical-libertarian thesis *holus bolus* that humanity can in practice manage without any government.

The record of modern nation states in protecting life, liberty and property is indeed not a pretty one. Even the democracies have performed rather poorly in keeping the peace and protecting private property. One also has to agree with the book under review that functioning communities existed before states were constructed. Indeed, much of the peaceful coordination in any society rests on evolved, informal rules, which are enforced spontaneously and effectively by mechanisms such as shunning rule breakers, tit-for-tat payback or ostracism (internal institutions). Indeed, far

too much coordination is nowadays entrusted to coercive, top-down rules. Legislation and regulation is costly, often ineffectual and unjust. I, too, am concerned about the innate tendencies of the government monopoly to grow inexorably. I, too, see the contradiction between the fact that government claims a monopoly on coercion and the fact that every monopoly is bad (in that it deprives us of freedom and tends to provide less service at a higher price than would competing producers).

Related to this is the apparent contradiction between governments protecting private property rights and taking some of our property through coercive taxes to finance the job. In his explicit essay, Walter Block uses these categorical contradictions to dismiss the entire externality argument for public defence (pp.307-310). But what if—as so often with conflicting objectives—people make a rational choice between the lesser evil of subjecting themselves to coercive taxation and the massive potential costs of losing their entire sovereignty and freedom in the future? To my mind, Hoppe's claim that this book refutes the externalities and public goods arguments for defence does not hold, unless we operate in a world of zero information and transaction costs.

The real question is whether we should address the contradictions and tensions between freedom and security by pragmatically defining limits for collective action and constraints that bind the rulers. This is a never-ending, evolutionary and arduous process. Abolishing *all* government and *all* monopoly in protecting the people, as some, not all, contributors to the Hoppe book advocate, appears to this reviewer as a simplistic cop-out. Here, I part ways with the anarcho-libertarians: The true challenge of collective action is to ensure that the agents of government are bound by rules which safeguard the interests of citizens who, in a democracy, are the principals of the collective venture of government.

Some arguments for nationalised defence

I do not accept that it would be invariably better for the attainment of fundamental values such as individual liberty, security, justice, social harmony and peace if all security provision was left to private competitors. To be sure, the authors do not fall into the pacifist trap of assuming that thugs do not exist or can be made virtuous by good example and preaching. They accept that exposure to thuggery, zealotry, fraud and iniquitous coercion are facts of life, both within communities and states, and internationally. However, they seem to fall into the radical-libertarian trap of ascribing boundless powers for virtue and good to private initiative and competition, whilst seeing all collective action as inherently wasteful and evil.

While my reading of history leads me to be highly sceptical of most functions of government and my political observation has taught me that most political action is indeed driven by self-seeking opportunism (just as most private action is), I also fear the self-seeking of armed privateers, mercenary armies and insurance protectors vis-à-vis unprotected civilians. We have to be aware of the transaction costs of rivalry between protection agents. Imagine the collateral damage should rivalling insurance protectors sort out competitive conflicts with nuclear weapons amongst themselves. I simply am unconvinced by arguments like Bertrand Lemennicier's game theory models, which move him to welcome nuclear proliferation and see private ownership of nuclear weapons as a blessing (pp.138-143). This is driving the debate about privately-owned firearms a country mile too far!

The argument is advanced that collective tasks of government can be better fulfilled by (voluntary) clubs. True. But does that really apply to military defence? How many will resign their club membership when they learn that tomorrow's battle is likely to cost 30% of the members their lives or limbs? Proceeding with extreme prejudice and force unfortunately requires a degree of coercion.

Less radical libertarians contributing to the book—such as Jeffrey Rogers Hummelin and his

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most informative essay on the role of ideology in defence and Gerard Radnitzky probing whether democracies are peace-loving—shy away from the anarchist position adopted, for example, by Hoppe, Brock and Lemennicier. In the quote at the head of this review, Hummel considers protective government a necessary burden, and Radnitzky half-destructs Hoppe's core thesis when he says that 'national defense is the *pièce de résistance* of the statists' (p.199), expecting it to be around for some time.

From what mass democracy did the Leninist-Stalinist dictatorship arise, or that of Cromwell, Kim Il Sung, Castro, or Mao? Saying that the more recent of these dictators are using voting as an instrument of governance seems to this reviewer to be a very superficial misunderstanding about the essence of democracy.

Radnitzky rejects the thesis that democracies are more peaceful than monarchies or dictatorships. The present-day neoconservative fashion of pre-emptive intervention and recent attempts to export democracy and Western values by military force would seem to support the hypothesis that 'state making' is inevitably also war-making, including by democracies. However, the interpretation of the historic record on the 'peaceful democracy thesis' is at best contentious.[3] Hoppe in his 'Introduction' asserts that democracies and dictatorships should be grouped together as against more peaceful monarchies. He also contends that dictatorships 'are a regular outgrowth of mass democracy' (p.6). Really? From what mass democracy did the Leninist-Stalinist dictatorship arise, or that of Cromwell, Kim Il Sung, Castro, or Mao? Saying that the more recent of these dictators are using voting as an instrument of governance seems to this reviewer to be a very superficial misunderstanding about the essence of democracy.

One theme that runs through several of the essays is an odd nostalgia for monarchy (of the absolutist European type).[4] Monarchies are preferred over electoral democracies, which we are now experiencing, warts and all. The monarchy is seen as a vertical political system, in which the principal is the monarch, at the top of a God-given hierarchy, and 'his subjects' are a kind of asset that he fosters and maximises. Electoral democracy, by contrast, is a system in which the people are the sovereign principals, with the rulers being their (temporarily appointed) agents. Often, the agents become—so Hoppe says (p.15)—'macroparasites'. The change is attributed to the French Revolution. But what about earlier (Germanic and Celtic) traditions in which free men very much acted as the sovereign principals, for example in the medieval parliaments of Catalonia, Iceland, and early Switzerland, and the English barons, who had their rights enshrined in the *Magna Carta* and successor documents?

It is, of course, an empirical question whether the people were better off under the top-down system of monarchy or the bottom-up system of democracy, but a reading of European history must leave the observer in serious doubts about an innate superiority of monarchy. No doubt, there were citizen-friendly and enlightened rulers, but what about Henry VIII or Ivan the Terrible? What about the security of the English during the War of the Roses, or in the German lands during the Thirty Years War? Such empirical evidence is conveniently neglected in the book; copious quotations from the learned theoretical literature are no substitute for this omission.

On the topic of monarchy, Erik von Kuehnelt-Leddihn is amusing and erudite, but to my mind entirely unconvincing, as is Hoppe. Is it desirable to make hereditary rulers the principals of government and treat the people as mere subjects and instruments of their rule? The historic record is not as clear-cut as some of the contributors imply. Besides, the technology of war-making and population numbers have changed dramatically, so that it is not legitimate to attribute all of regrettable abominations of the 20th century to mass democracy and the need for elected leaders to rely on propaganda and indoctrination. We have yet to see whether the America's Iraq war effort will not be overturned by popular dissent, as the half-hearted Vietnam engagement was. It seems

more productive to investigate what deceptive tricks elected prime ministers and presidents use to manipulate public opinion and what criteria make democracies less belligerent, as Radnitzky does in his essay. It will be interesting for *Policy* readers to learn that a multi-ethnic population and free markets make for less belligerence.

The provision and control of violence professionals has always been a difficult task. The custodians of internal order and the protectors from external aggression, who are authorised and equipped to use force, have to be firmly controlled so that they remain within the limits prescribed by politics and morality. There are many cases in history where the custodians used their weapons to seize power and then exploited citizens. This is why I for one, favour keeping the weapons and the resources to run the police and defence forces strictly in government ownership. The control of the purse strings, held by elected ministers of finance, is still the most effective way to stop military coups. This is one of the few cases in which public ownership of resources seems uncontroversial to classical liberals.

Another problem most people would have with the competitive production of security services, say by contending militias and private mercenaries, is that the competitors will not confine themselves to economic, value-for-money competition. I commend the warfare among protection racketeers in New York or Sydney to the learned analysis of some of the contributors to the Hoppe volume. There are clear-cur monopolistic tendencies in 'gangster competition'. But who would keep the competition in internal and international security markets alive when all government has been abolished? Will shopping around among alternative security providers really keep armed gangs and militias virtuous and confine independent violence professionals to civilised competition? Militias and privateers can be expected to compete with the tools of their trade. 'Collateral damage' to the populace could then be major—see the Thirty Years' War, or the Congo and Somalia now. Were mercenary armies—say, remnants of the Soviet Army and demobilised US Marines—to fight for world market share in protection services in the future, the possibility of a nuclear or bio-weapons exchange could not be disregarded. Even if some governments retained public defence forces, but had to contend with resolute militias of changeable loyalty, the consequences for the population could be traumatic, even terminal. The threshold to open hostility is likely to be lowered by the complete privatisation of security.

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Tendencies towards concentration in military defence provision can be expected to be pronounced since scale economies are major in the all-or-nothing matter of open conflict. Takeover and buy-out would quickly be at work, and successful privateers would use their weapons to ensure that no controls can be imposed on their profitable trade. Like gangsters in the nightclub business, they would use force to hinder their clients from shopping around for security among alternative providers. In short, we would end up with private monopolies which will be even more objectionable than taxation and democratically controlled military forces.

Constitutional controls of political power

Hoppe and associates have little time for the constitutionalist controls of collective action, which the public choice and constitutional economics schools have been proposing. Of course, many of the constitutional rules that are being discussed are problematic, not least because the enforcement of the rules that bind government agents relies on other government agents. There is a danger of collusion between different branches of government, and there is the problem of infinite regress (Who watches over the custodians?). Nonetheless, certain constitutional rules, such as a proper division of powers between

the legislature, the executive and the judiciary, and the device of citizen-initiated referenda, can be effective in limiting government. The Westminster design of temporary, but fairly unconstrained executive-parliamentary dictatorship can be improved, and the Swiss experience with citizen-initiated referenda documents a good record in keeping government small and the citizens free. In addition, the freedom to exit from jurisdictions is fundamental in practice, both the right to secession and the individual right to exit economically. Globalisation has widened the scope for individual exit; and one can see the 'war on terror' also from the angle of the collective agents striking back against the liberating consequences of free global trade, migration, capital and information flows.

Only a core of absolutely necessary equipment and supplies, which cannot be imported or produced with existing industrial capacities (for example, specialised military software), should still made by Australian government units.

Some further quibbles

In a book as rich in argument as this one, a critical reviewer can of course find many minor points worth picking up. Here is a small selection from a devil's advocate:

The book contains a much-cited essay—'War, Peace and the State' (1963)—by Murray Rothbard (1926-1995), who inspired much of the anarcho-libertarian tradition on which this book is based. Rothbard wrote with the memories of World War II still fresh on his mind and under the threat of nuclear superpower confrontation. He begins with a strongly normative position—that all violence is to be condemned—and then develops a case against government 'taxation-aggression' (p.73) in war and policing. I forget who wrote 'if we were all angels, we could do without government'! The real issue is not normative but one of positive science: Since there are aggressors and thugs, how best to provide protection from them? One wonders what Rothbard, who writes that 'the State cannot fulfill any sort of defense function so long as [nuclear] weapons exist' (p.75), would now make of the fact that the balance of nuclear deterrence has worked for the past half-century in preventing major superpower clashes.

There is no doubt that many security services can and should be provided better by private and competing suppliers. In Australia, the number of private security guards exceeds the number of tax-financed police. Many elements of the defence task have already been transferred from tax-financed and costly military personnel using government-owned assets to private sub-contractors. Privatisations have saved money and often given military end users better choice and quality. There is certainly no need for most industrial inputs into the defence task to be produced in expensive government factories. It is now widely recognised that much costly rent-seeking has gone on—and is still going on—under the umbrella of the defence argument for import protection. In Australia's case, the argument may have had some substance in World War II, but technology and scale economies make it now much more sensible for military to buy their equipment from overseas and to ensure supply security. Only a core of absolutely necessary equipment and supplies, which cannot be imported or produced with existing industrial capacities (for example, specialised military software), should still made by Australian government units.

Radnitzky points to the paradox of democracies going to war with undemocratic regimes in order to make them democratic in the hope that they will then be less belligerent (p.190). The neo-conservative mission to Iraq comes immediately to mind. The liberal reaction must indeed be to point out how naïve it is to assume that democracy can simply be parachuted in when its cultural preconditions are absent. The external institutions of democratic government rely on internal, cultural foundations, such as a readiness to compromise, tolerance, a secular state in which religious organisations are kept from running government and law, and a commitment to equal human rights for all—even women, unbelievers and foreigners. Democracy requires that most people obey the law spontaneously rather than rulers, lawyers and mullahs. In the Middle East,

these pre-conditions are rarely given and cannot be easily created. The Muslim doctrines of submission of the individual and the inseparability of religion and state, as well as a culture of being uncompromising, make it very hard to replicate democracy, even if the formal structures are imposed by force. The cases of post-war Germany and Japan, who readily adopted democracy after defeat, are the exceptions, which can be explained by prior experiences with an open society and democratic practice.

Much in the book should be taken to heart by the new breed of neo-conservative collectivists in Washington and Canberra. They should inform themselves about the institutional preconditions of democratic governance and the futility of assuming that liberty is easy to achieve, because everyone wants it. If the libertarian and classical liberal warnings are ignored and the fundamental importance of liberal Western values is underestimated, Western governments will face numerous costly disappointments when they try to export genuine democracy to Africa, Eastern Europe, the Middle East, the Pacific and Latin America. Democracy and the institutions of a free open society have to grow from within. They are not export items and cannot be transplanted by force.

It occurred to me repeatedly when reading this book that the arguments often reflect the present and understandable European cynicism about all government. Most Europeans are also entitled to regret that more and more government tasks are 'Europeanised'; that is, moved to Brussels and removed from democratic censure. They are understandably influenced by the vexing failure of the welfare Leviathan and a fear of overpowering government. However, the experience in Australia and other Anglo-Saxon countries, which have implemented more reforms, are less collectivist and are hence economically and technologically more dynamic, inspires a somewhat less cynical world view. Every now and then, governments may even still fear the people and the press a little. We are therefore probably more receptive to the concepts of collective security provision and a peaceful democracy in the tradition of Kant and de Tocqueville.

In conclusion

My review has concentrated on the case for tax-financed security provision. It is the *pièce de résistance* when arguing against anarcho-libertarianism. As an unfortunate consequence, classical liberals have to engage in the ceaseless high-wire act of balancing the need for a protective state with the demand for freedom, security, justice and prosperity.

Let me quote Nobel Prize winner James Buchanan, who, in a recent article, discussed the rise of neo-conservative collectivism and President Bush's derisive rejection of classical liberalism as 'the vision thing'. Buchanan wrote: ' . . . the intellectual bankruptcy of socialism on our time has not removed the relevance of a renewed and continuing discourse in political philosophy. We need discourse to preserve, save, and recreate that which we may, properly, call the soul of classical liberalism'.[5] To take on the collectivist statists, whether conservative or socialist, is the real challenge for liberals. The book under review makes many stimulating, helpful and provocative contributions to this discourse. However, the plea for libertarian anarchy and exclusive private security provision are a diversion. Alas, there are no viable shortcuts to liberty.

Endnotes

1 The Mises Institute, deviating from normal practice, made no hard copy available for review but only provided an electronic copy. See www.mises.org, or contact@mises.org.

2 R. J. Rummel, *Death by Government* (New Brunswick, New Jersey: Transaction Books, 1996).

3 E. Weede, 'The Diffusion of Prosperity and a Pacific World Order by Globalization', paper presented to the Regional Meeting of the Mont Pelerin Society in Sri Lanka (10-15 January 2004).

4 Once or twice, the Chinese Imperial experience is mentioned. On the whole, the discussion is Euro-centric. Some authors—for example Luigi Marco Bassani and Carlo Lottieri—expressly, but unconvincingly refute the relevance of non-European experiences to the topic of security provision.

5 J. Buchanan, 'Saving the Soul of Classical Liberalism', *The Insider*, No. 313 (Washington: Heritage Foundation, January 2004), pp.3-6.