

Committee 4  
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Democracy and War: Is Democracy More Peaceful Than Other Forms of Government?

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DEMOCRACY AND WAR.

IS DEMOCRACY MORE PEACEFUL THAN OTHER FORMS OF GOVERNMENT?

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## 1. DIFFERENTIAL ADVANTAGE OF GROUP ACTION

There are situations ("games") of interaction where the best response to the expected best actions of others is a group response. (See Jasay 1998. "Is national rational?" Independent Review, Vol. 3, No. 1). In exchanges where competition is less than near-perfect, the gain each makes is influenced by strategy. In bargained exchanges individuals decide and their action is voluntary. In "takings" the exchange is governed by force, intimidation or fraud. Private takings we call "robbery", "blackmail", etc.; state takings we label "war", "conquest", "taxes", "inflation", etc. Conventional wisdom assumes that group action is of superior efficiency to the action of individuals acting severally. And sometimes group action is necessary to realize the aim. (Sometimes the outcome is a mix of bargained exchange and taking, for instance, the so-called labor market in Germany, which is totally cartelized. A deal is made between the representatives of two big collectives, the labor union and the association of employers; since intimidation and display of power are important factors in the negotiation the deal has elements of a taking.)

A group must be formed and maintained at a certain cost. A group excludes some and includes others. The primary form of a larger group is the linguistic community; the communities range from clans (extended family), to tribes, and eventually nations. A nation is originally a linguistic community. In the wake of the French Revolution and the ensuing democratization of war (with the introduction of general conscription in 1793—one of the evils bequeathed to us by the French Revolution) "nation" got its political connotation. And with it the ideologization of war followed, which culminated in the 20th century when "democracy" became the new state religion, and the enemy was eo ipso declared to be "undemocratic", i.e., an unbeliever. Wars became holy missions, crusades. Think of Wilson's slogan: "To make the world safe for democracy." In the totalitarian state, whether Bolshevist or National-Socialist, or totalitarian democracy, war becomes total. While in some situations group action is collectively rational, it is individually rational to take the free rider option, if available. This is explained as the Prisoners' Dilemma that characterizes all "public" goods situations. The core of "public" goods is external security, national defense. This makes the theory of public goods of great relevance to the problem of security production. / (See Jasay 1989. Social Contract—Free Ride. and article review of it by Radnitzky in Cato J., Vol. 9, No. 1:263-270, 1989.) To suppress the free rider option an agent is required that possesses the necessary enforcing capacity. Hence it is rational for the nation to transform itself into nation-state—a territorial monopolist in violence employing violence specialists, who are paid by taxpayers' money for the production of internal and external security (police and military). The standard assumption is that the military is too powerful to exist without state control. Nationalism—from patriotism to Chauvinism—functions as a mean to overcome the dilemma of the collectively rational being individually

overcome the dilemma of the collectively rational being individually irrational.

Mercenaries were paid, and hence there was no problem of motivation; and prisoners of war had a shadow price (ransom). In democratized war both soldiers and prisoners of war lost their shadow prices, became worthless (Frey and Pommerehne...+Palgrave.\*\*\*). In war time conscripted soldiers have to be motivated. This is done with the help of nationalism and the ideologization of the war at hand. War became more cruel, and the civil population became not only involved but even the target. Thus in WW II the Western allies's terror bombardments of open cities of the enemy aimed at breaking the moral of the civil population by murdering as many as possible of them; in this way soldiers could be spared (the Douhet theory, adopted by the RAF as early as 1918 and particularly by Churchill /see Raico in Denson, ed. Costs of War/. The 20th century turned out to be the bloodiest and most cruel century in human history (See also Rummel, R. Death by Government. ....\*\*\*\*)

Jasay 1998 (iNrat?) stresses that nationalism makes it a duty (a moral concept) to submit to the collective choices made by the political leaders for all members of the nation-state, a duty to submit to them for the sake of some putative "Common Good", and even to send people to die in war, often for the vanity of a few. (Example: Roosevelt's "almost childish vanity"- see Chamberlin. 1950. America's Second Crusade, p. 348), or the vanity of persons immodestly believing to be the instrument of Providence (Hitler, Stalin). In these cases the link between benefits enjoyed and costs borne by any given individual is severed. Crimes are committed with a good conscience, since one's feels to be the instrument of Providence—the mythological worldview (e.g., not only Hegel, but also Ferguson used such a mythological theory on a theistic basis to explain certain historical developments). Collective choice inspired by nationalism gets entrapped in irrationality—not to speak of the morality of collective choice as such imposing the choice of some claiming to represent the collectivity on everybody, whereby establishing a coercive order. Here too it turns out that collective choice—which is unanimous since otherwise pointless—is always morally tinged, a sort of fall from grace. Hence resorting to politics should be avoided if ever possible. (Edmund Burke: "Politics, the Thing itself, is the abuse")

The problem of the "unit of agency"

"Action in the full sense presupposes the ability to choose. Only individuals can decide their course of action, decide in the commonsense meaning of 'decide'. Man is a chooser and cannot but decide. A collective entity—a group, a nation, etc.—chooses a course of action only in a metaphorical sense. This difference is the root problem that bedevils holism. In order to act a collective entity requires a recognizable "unit of agency". (Here too I follow Jasay 1997, AP.) That agency needs sufficient power and legitimacy (for the group in question) to "represent" the collective entity. The nation gets a nation-state to provide such an agency. Even under inherited authority, monarchy, and strikingly so in a majoritarian democracy the "unit of agency" is problematic, since the group is nonunanimous. (That individuals cannot have identical interests follows from the concept of individuality.) Thus the general problem of group identity arises. In states as we know them people are borne into a state, and as adults they are forced to risk their lives in war. Groups are not allowed to choose some other "unit of agency" than the state in which they live and the citizenship of which they have, unless they leave the territory of the state. To illustrate the point we can start from "exchanges". They are ex definitione voluntary. Exchanges, even nonsimultaneous, function most of the time, because the parties to the exchange have a reputation to lose. Failing this, there are alternative ways for enforcing compliance: from self-help, group conventions and bought help to the state as an ultimate enforcer. The state offers the parties to an exchange to enforce the contract in case of need. A rational agent will shop around for the possible providers of enforcement. Some may be more powerful, some more costly, and so on.

The same hold, *mutatis mutandis*, for the production of security. A rational agent will shop around for possible providers of security. With respect to internal security it is general recognized that this is so. Most often the violence agency that supplies internal security is the state, though it need not be the state. Private police is often more effective and less costly. Hence it is a growth industry. This is generally acknowledged. In contrast it is generally—except in libertarian circles—asserted that the production of external security can only be delivered by the state. This claim is supported by pointing out that states are the most powerful of the potential providers. However, that this is so is a contingent fact of history. In principle, there is no decisive difference between internal and external security.

## 2 . SOME ANTHROPOLOGICAL CONSIDERATIONS ON WAR

Social life involves also conflict. The interests of individuals living in a group cannot be identical. Conflicts occur between individual, between subgroup of the group, and between groups, often organized in nation-states. The type of conflict solution varies with the social order in which individuals, groups, etc. participate. Already on the level of individuals and face-to-face groups there are in principle three types of problem solution possible: (a) rational discussion leading to a compromise based on the cost-benefit-analysis made by each of the parties. (b) If that fails, the next step is persuasion—a precursor to propaganda in conflict between states. (c) If that fails too, there remain two options: "flight or fight". This model or pattern can be easily transposed to the level of collectives.

In the history of mankind population pressure, overpopulation relative to the resources of the territory at a certain period of time, normally found two outlets: emigration and war. We speak of gang wars, tribal wars, etc. However, the prototype of war is war between nations or groups of nations. Such a war presupposes a sufficient degree of organization and centralization.

Hence, there enters the State. States are roughly defined as the last (highest) instance of power, against which there is no appeal to another instance. The state is a territorial monopolist in violence, and it declares its violence to be "legitimate". The absence of voluntariness is not a defining characteristic. The state would be the state even if the social contract were a tenable theory. (In chapter 1 of Jasay 1997, AP, he shows that this is not the case.) Clausewitz's dictum: "War is the continuation of politics by other means." is generally accepted, but also the converse holds: "Politics is the continuation of war by other means." After an armistice the victors, if they are democrats, will attempt to "re-educate" the defeated.

The market is based on individual choice, whereas politics by definition is collective decision. 'Collective decision' is short for non-unanimous decision. The expression 'politics' signifies such decisions. Jasay puts forth the thesis: "All nonunanimous politics—and unanimous politics would of course be redundant—is redistributive." (AP, 3, 154). Only a minor part of redistribution is explicit transfers. Subsidies and other protective measures, such as regulations and various privileges have redistributive consequences; besides material and financial values, positions, privileges, prestige, etc. are redistributed. That politics is redistributive is particularly clear when the democratic method of decision making is being used. "If much of this (contractarian) reasoning is baseless, and the state is simply an enforcing mechanism to enable a winning coalition to exploit the residual losing coalition without recourse to violence, the delusions of necessity and convenience are of course an aid to the efficiency of the process." (p. 2).

The course of history can be summerized thus: Politics emancipated war and democratized it. That development started in the aftermath of the French Revolution when in 1793 general conscription was introduced. France and Prussia were the forerunners. Soldiers who had lost their shadow price had to be motivated. Nationalism served that purpose: it was anchored in ideology. Some of those ideologies became

pseudoreligion, above all "democracy" (most often undefined)  
For the politicians the tacit motivation was imperialism, and later  
democracy (as a value) served as a substitute, an "Ersatz", and as an  
successor to imperialism. Examples: Britain, Russia, USA. (Spell out  
the examples, with reference to Denson's collection).

The constitution is but a chastity belt whose keys are always within  
reach. "States are an imposition, sometimes useful, sometimes a  
millstone, always costly, never legitimate, and never a necessity for  
binding agreements." (Jasy 1997, 36). The problem of collective action  
has not been solved. Hence, we should examine alternatives: the guiding  
maxim is that, if politics at all, then make the domain of politics as  
small as possible; examine ordered anarchy, self-enforcing voluntary  
social order.

### 3. DEMOCRACY

some notes which will be condensed (here too I follow the viewpoint of  
Anthony de Jasay)

What methods are available for cooperative solution to problem of  
non-unanimous Social Choice ('Social Choice' for short)?

Natural (spontaneous) vs. artificial method of Social Choice.

Natural method

parties in the collective decision problem assess the strength of either  
side and declare the question resolved in favor of stronger-looking  
force. (Examples: chess, analysis of unfinished game—well-run committees  
reaching unanimity without voting (the debate revealed the force of the  
opposing positions. (military strength, economic influence, access to the  
media as means of mass persuasion, etc. are used to assess the  
differential strength). (The are adorned by the claim that the debate  
was made to determine "what 'the Community' wants".)

The advantages of the "natural." method. 1) It is obvious to the  
parties that the discounted value of cost of social choice (to find a  
solution that reflects the balance of forces and interests) is  
infinitely greater than by procedural method. Hence, less social  
choices are imposed, you legislate less. 2) the "natural" method is a  
rigorous screen, a filter—it lets through only those social outcomes  
that are said to be Pareto-superior.

Artificial method

The assumption is consent in advance to accept the outcome of a  
mechanical procedure. Input into a sort of sausage machine. Very  
simple to handle. However certain disadvantages: 1) It makes the process  
appear very inexpensive. Hence it implies a temptation to use the method  
often, to legislate more. 2) The outcome—any outcome—, the mechanical  
product of applying the procedural rules, is evaluated as "good" (since  
reached by the correct procedure)—no matter how crazy it may be. Thus,  
instead of providing a rigorous filter the democratic approach proceeds  
by a categorical value judgment declaring any outcome of the method as  
"good", because reached by the "right" method.

The paradigmatic example of the artificial method is the DEMOCRATIC method  
of collective decision making.

How is the input - votes - made commensurable? By abstracting from all  
the naturally occurring elements of a decision problem bar two: the  
alternative put up for question, and the numbers of votes cast for each.  
You abstract from who cast them, from the intensity of preference or the  
weight of concern, differential in contribution or in risk-taking,  
relevant knowledge, etc. Vote aggregation is legitimized by the argument  
that votes and voters are homogeneous. How can they be made homogeneous?  
by going up to a more general level of classification: plums n walnuts  
become commensurable units of counting, if considered as fruits, morons  
and intelligent people are equal in the relevant sense, if considered as  
members of the same BIOLOGICAL species.

Once the principle of simply adding votes has been agreed upon, majority  
rule alone is possible. Because of the dynamics of the democratic  
process any collective decision rule requiring some qualified majority  
is vulnerable to erosion. (By maximizing the losing minority, the winning

majority can maximize its redistributive gains.) The marginal blocking voter can always be overcompensated from the loss to be imposed on the extra-marginal ones. The poorer 50% + 1 vote whose exploitation of the richer half appear to be an equilibrium. Rational players operating under the incentives of a democratic constitution will maximize payoffs.

1) redistributive DIRECT payoffs, when shaping legislation in the political process (within the meta rules). 2) By changing the master rules (constitution) redistributive INDIRECT payoffs become available. (They learn to choose a constitution that maximizes the scope for redistributive legislation.). The inherent dynamics of democracy (presupposing unqualified franchise and rational players) leads to unrestricted domain and bare majority rule. That means it leads to unlimited democracy, i. e., it imposes dominated choices (coercion). Democratic meta rules are no guarantee against totalitarianism (Pace Jim Buchanan). No constitution can provide such a guarantee.

Disadvantages. 1) The method can only express ordinally-ranked preferences. It cannot express cardinal preferences; it suppresses them.

2) The arithmetic operation of vote aggregation (in the same way as interpersonal utility-aggregation (33) is meaningless (15). As a method of finding out what the holistic actor "the Society" wants it is meaningless; it is meaningful only as a method of head counting.

(Arithmetic's applicability to physical objects is relative to the domain, for instance, addition as putting together functions with respect to a set of walnuts, but not to a set of mercury drops.) Vote aggregating is misleading: under the pretense that the result is only the "sum of its parts" it smuggles in a holistic value: "Society's choice". There cannot be such a thing, since, because of underlying conflicting interests of the various group members (different individuals cannot have identical interests). If you abstract from the real individuals, the fictitious entity of "Society's choice" remains like the smile of the Cheshire cat—it has no ontological status, not even as a conceptual entity, since it is an inconsistent construction. Democratic choice rule is immunized against criticism by introducing a persuasive definition. "Democratic" is now used in a second sense, viz. mainly evaluatively—to lift the outcome (any outcome) on the moral high ground, by moralizing. It is declared to be good since it expresses "the will of the People". (Apart from the fact that this is ontological nonsense, it also commits the so-called "naturalistic fallacy"—of the "ethics of consensus". <Often a spurious relationship between prosperity and democracy is invoked. This claim may function like a Cargo Cult (PRaPP)>>

This can illustrate the claim made by Jasay in VSO-1, namely that socio-political evolution appears to have come full circle. Holistic values, i. e., values attributed to a holistic actor ("the People") such as, e.g., "Social Justice", "Equality of outcome", etc., are appealed to in order to erode and override the very property rights which a social order is intended to protect. We have indeed come full circle—from the protective state (the *Privatrechtsstaat*) to the redistributive-productive state. Hence, "Our Enemy the State" (Albert Jay Nock's classic of 1935 (repr. 1992)).

What are the arguments in favor of unqualified franchise? Suppression of relevant characteristics of voters is claimed to be a virtue—in the name of a peculiar moral principle of equality, i. e., one possible version of it based on membership in same biological species. One can formulate more plausibly other equality axioms that would require to give to some people more votes than to others, depending on the person and on the question to be decided, or both. Unqualified franchise is nothing more but a Holy Cow—one of the myths of our age.

Practical evaluation of the democratic method.

It tempts you to expand collective choice, because it appears to be so simple to use and almost costless (a facile mechanical process). It invites you to sin—galloping interventionism. The consequences: Because of the redistributive bias of the democratic constitutional rule, it

transforms the state into a vast redistributive machinery and the society into the "Churning Society"—interventionism, welfarism—with consequences that go far beyond anything known under pre-demo. Social Choice. (Ex.: Sweden's high-tax society; Germany average tax payer has to work until about July for the state, i. e. only after that date may he dispose of his income individually (1993). <However, that the direction is egalitarian does not entail that end-result will be so.> \*\*\*In summary, democracy is not a satisfactory normative political theory. From the viewpoint of the Free Society (as regulative principle) the same hold for any PROCEDURAL method. (Demo. is just the choice example.). Non-unanimous Social Choice is per se morally tainted, since it imposes dominated choices on some part of the community (36). The democratic method proposed as a problem solution to the problem of Social Choice hides the problem. There cannot be a procedural solution, since the problem is not procedural. The problem of social choice is SUBSTANTIVE. Which choices, if any, may legitimately imposed on a dissenting part of the community (in the context of a Free Society)? The practical problem is how to avoid making recourse to Social choice too easily attainable—how to forestall the tendency to turn economic or legal, etc. problems into political problems.

In summary, there are no neutral meta rules—every rule (whatever its level) favors identifiable interests. The majority rule, for instance, leads to a redistributive order (18). If it is taken as sufficient condition for social choice, it transforms politics into a three-person "distribution game". (\*\*kann schön gezeigt werden mit cirkular ordnung der Präf. - Arrow ) A majority of two can, by agreeing, disposes the third. A pure (ideal-typical) majoritarian democracy will end up by taking all of everyone's income under one set of distributive measures and returning the same income to everyone under a different set of measures, whether in money or in kind (de facto public goods). (21) Sweden has gone far in that direction. The end state will be roughly the same as in ideal-typical fundamentalist socialism. (as Mises predicted in the 20ies).

While the above-mentioned three-person "distribution game" is unstable, going round in circles (a circular shift in the role of the dispossessed), the "golden egg" version can be stable for decades. Sweden is again a good example. The goose laying the golden eggs have been the multinational companies—and the finance minister Gunnar Sträng often declared to the social-democratic comrades who wanted more of socialism that the "golden-egg-goose" had to be treated with caution,—must not be starved to death or forced to emigrate. However, the general the idea remains that some part of society uses the procedural social choice rule to gain income, wealth or opportunities at the expense of another part. A popular label for this system is "Social Market". It jibes perfectly with social-democratic values. The Social-Market version of democracy slows down society's motion towards the afore-said stage of a pure "Churning Society", nothing more. The development towards a pure "Churning Society" can be slowed down also from "below". If the winning coalition abuses the potential offered by the majority rule too much, the tax payers no longer feel bound by decisions that owe their legitimacy merely to the fact that they were reached in procedurally correct manner. Their reaction will be fight, flight or fraud. They will transfer their capital abroad, move their production to other countries, emigrate or, if remainig in the country, they will go into the unofficial economy or simply work less. (Again, Sweden is the choice example - at the end of 60ies and begin of the 70ies it experienced an enormous out-flow of capital and emigration of firms and professionals, a substantial growth of the unofficial economy and a record of absenteeism (forcing enterprises to overstaff by 10 to 25%).) Tax revolt, emigration, etc. demonstrate the ultimate contestability of procedurally correct decisions that defy underlying power relations. This phenomenon can be interpreted as a surfacing of what Jasay labeled 'the natural method' of collective choice. Existing



power relations make themselves felt, even if officially the majority-rule democracy reigns supreme. It shows that there are limits to "popular sovereignty".

Meltzer and Richards (1981) and others have claimed that there is an endogenous barrier to redistribution—given rational agents. The winning coalition—a holistic actor—finds that restraint is in its interest: The slice of the large pie (its share of a large national income) is larger than the larger slice of the smaller pie (its larger slice of a national income that has been reduced due to increased redistribution). However—as Jasay has pointed out—this cannot be translated into the behavior of the individual voter: He would have correctly to balance, at the point of marginal equivalence, his expected redistributive gain against his personal share in the loss of national income due to redistribution. It is so implausible that the voter can do this that the claim has to be rejected. It is based on a sort of "fallacy of composition" (23).

Instead of hoping for an endogenous barrier to redistribution it is plausible to predict that we will in future witness a sort of historical wave pattern similar to that we have seen in recent years. Creeping socialism (e.g. under the heading of "Social Market") leads to ever more complex, ever less transparent redistribution. (24) At some point in time a large mass of voters blames the redistribution for the palpable deterioration of the economy, material wealth and the moral underpinnings of the market order. There are recent examples: 1979 England, 1980 USA, 1991 even Sweden. Then attempts follow to roll back the welfare habit and to reduce the share of public expenditures and taxes. And after a while creeping socialism again gathers momentum. It is a plausible conjecture that this historical wave pattern will continue to show so long as we practice the democratic social choice rule based on unqualified franchise. And there certainly are no signs that a remoulding of the manner of franchise might become "politically possible". It certainly could not be overcome with the help of the democratic method!

The dilemma of democracy-induced churning society

Sweden is probably the best illustration of the predicament of the advanced churning society: bare majority rule (and unqualified franchise) in combination with a majority of voters supported by tax money, of an absolute majority of the franchised voters deriving their livelihood from public funds. 36% of the adult population are productively employed (7% self-employed and 29% privately employed); 27% are employed in the public sector, in the tax-financed welfare complex of state education, health, social services, public transport, etc.; 34% are clients of the state (students, pensioners, the unemployed, etc.); 3% are clients of the civil society, i.e., they cover most of their outlays with the help of husband or wife or other relatives (once a large group, they get fewer and fewer). That means only just over two-fifths of the population under 17 and over 65 are gainfully employed (Zetterberg 1995, 53 ff.). Never had so many to thank so few for so much. A change of the system would presuppose a change of lifeways, and also the slaying of a few of the holy cows, among them the principle of unqualified franchise.

#### 4. DIFFERENTIAL BELLIGERENT BEHAVIOR OF A DICTATOR VS. THAT OF A DEMOCRATIC PRESIDENT.

##### 4.1. Motivation

The "good reasons" for a dictator depend on historical coincidences, that means they are also sometimes relevant. They range from defense, the acquisition of new resources to personal "aggrandizement". For a president functioning in a democratic system as we know such systems—in the 20th century media-soaked mass democracy—the incentive structure for belligerent behavior is permanent. (a) increase of power, which can be had by centralization and absolute control of the economy and of all substructure of society; in modern times a war between nation-states of

the first order becomes automatically a total war. (b) war-sprung socialism (Robert Nisbet) is a contributing factor, inviting vote catching by handouts to important pressure groups. From such theoretical consideration it appears plausible that, statistically, democratic president will more often tend to belligerent behavior than dictators.

4.2. Necessary preconditions, preparations—the rules of war mongering in a democracy

Going to war is easy for a dictator, since he commends the armed forces and controls the media. By contrast, a president has to follow the rules of the game of a parliamentary democracy. It is not difficult to identify the key rules.

Rule #1. First of all get control over the media; they are an indispensable means of propaganda.

Good historical examples are Wilson and FDR. None of them could have embarked on war without the masterful preparations by Churchill, who succeeded in establishing a highly efficient propaganda machinery in the USA (faked atrocity reports (WWI, Pappas 1996, 53), in WWII faked movies (J. Scodes...\*\*), faked documents, tapped telephones, bribing editors, getting hold of the film industry, etc.) (Cf. contributions in Denson, ed., 1997, esp. Raico's chapter on Churchill, and Thomas Mahl 1998.

Desperate Deception. British covert operation in the United States, 1939-44, Cull, N.J. 1995. Selling war. The British Propaganda Campaign against American "Neutrality" in World War II, Pappas, T. 1996. "Wartime tricks", The Salisbury Rev., Scodes, J. 1998 "Seducing America", The Spectator, 1 Aug. 98.) Impressive is Mahl's report of how BSC (British Security Co-ordination) helped to fix the 1940 republican presidential nomination for Wendell Wilkie, who as late as 1939 had been a registered Democrat, outmaneuvering the party's old standard-bearer Herbert Hoover. "Roosevelt could never have won the public opinion battle ... so quickly without British intelligence activity in North America." (J. Scodes).

Rule #2. Provoke the intended enemy and, if that fails, create clandestinely a DE FACTO state of war, a fait accompli.

A good historical example of successfully planned provocation is Pearl Harbor (Denson, ed...\*\*); an example of a successful "first shot" story is the case of Fort Sumton Chalestons Harbor inaugurating the American Civil War. In WWII the fait accompli was the US submarine warfare in early 1940 (Lukacs, J. 1997, p. \*\*); at least in the summer of 1941 the USA was de facto in war already at that time.

Rule #3. Create in the public the impression that the intended enemy fired the first shot.

In the American Civil War the Fort Sumton case (Denson, ed., 1997, 15, 20, 139)—Lincoln's successful propaganda. In WWI, the Lusitania case of 1915—Churchill (see Raico in Denson, ed., 1997, 266). A munitions ship that was armed, i.e., a war ship (documented by divers in 1998/99). In WWII Pearl Harbor, mentioned above. Likewise the German Declaration of war in WWII; the American historian John Lukacs, Hitler, who so far had prohibited his naval commanders to get involved with US naval units, permitted his commanders in the Atlantic to defend themselves.

In general, the president of a democracy such as the USA has it considerably more difficult to begin a war than a dictator, since he has to circumvent the various laws in a complicated way. When the democracy has entered the war, interfered with an on-going war, it carried the war with more ideology and cruelty, and more total than most dictators. And it makes alliances with any dictator. Eventually, it is more difficult for a democracy to end a war than it is for a monarchy or for a dictator.

Perhaps the most interesting phenomenon is the many totalitarian trends in a democracy at war. Robert Nisbet writes in The Making of Modern Society, Kent, 1986) on p. 192: "Though we are loath to admit it, the first twentieth-century previews of the totalitarian state was provided by the United States in 1917-18 after we joined the Allies in the war against Germany. Not even the Kaiser's military-political order, ... reached the totality of the war-state that America did in extraordinary

short order once war on Germany was declared. The relentless forces of centralization of political power reached literally every significant area of American life: the economy and the government in the first instance, but hardly less the ... even and especially religion." Then Nisbet gives an overview of those developments. Much the same hold for America's Second Crusade. In a comparison with Hitler's Germany, we find that in Germany industries had considerably more leeway than in America. (Hoppe remarks that America's output would have been even higher if the regulation had not been so thoroughly, so total. (Hoppe\*\*\*)

Wilson made the European war into a much wider conflict (although it took place in the European theater and was not really a "world war") and prolonged it for about two years in order "To make the world safe for democracy." However, it would be ridiculous to claim that the German Reich was less of a democracy than the British Kingdom. The results were Versailles, the precondition for the rise of Hitler. In America's Second Crusade (like the first prompted and made possibly by Churchill's propaganda apparatus in the USA) the ideological motivation was the same. Therefore, also the question arises whether perhaps democracy promotes genocide. For instance during WWII the area bombarding killed about 600.000 German civilians, and after the war about 11 million were killed. The attitude towards the Japanese were much the same (see sect. 5).

#### 4.3. Democracy vs. monarchy (typical monarchy)

In a seminal paper H.-H. Hoppe made a comparison between democracy and monarchy. I prefer to interpret the descriptive concepts he uses as idealtypical concepts. Interpreted in this way, his theoretical analysis of the incentives structures of each is highly illuminating. Whether the concepts can also be interpreted as statistical concepts is a question that has to be put to experienced historians. To interpret them as classificatory concepts invites criticism from the historians, who always can find some counter-examples. Let us have a look at democracy is some typical scenarios.

(a) As a protector. The Korean war (cf. Tullock, in UE?\*\*) . Firstly a solemn guarantee by President and Congress that, in case of an act of aggression by the North, the USA would immediately respond with nuclear weapons. When the blatant aggression occurred the US did nothing. Gordon Tullock convincingly argues that the US promise was not taken seriously by the North. Only when Eisenhower (probably the last at least in some areas decent president since the end of WWII) made the threat of nuclear retaliation credible, a peace treaty was signed. Had a credible threat been expressed earlier it would have saved the lives of a couple of millions of South Koreans. (Incidentally, an example that game theory alone may be counterproductive, when the political environment is left out of consideration.)

Vietnam. America got involved by unnecessarily acting a guarantor of the peace treaty concluded by the French and Vietnam. The USA then sent, advisors, then arms, eventually soldiers. In January 1973 President Nixon gave the President of South-Vietnam Nguyen-Van-Thie the assurance that the USA would immediately come to his assistance if and when North-Vietnam violated the treaty. (His letter is to be found in Nguyen Tien Hung, The Palace File, New York 1988, pp. 113-115.) The Congress refused to honor the guarantee. (Cf. Leslie Gelb. The Irony of Vietnam , Washington, DC, 1978.) After the US Congress, in an act of shocking dishonor, simply cut off aid to the Republic of Vietnam, South Vietnam collapsed. The "irony": that it was declared a victory for democracy: In order to win the elections the political parties were prepared to do anything, including to stage a treacherous "peace".

(b) As an ally. During the Vietnam war the American military fought only under crippling restrictions. The mass media and the political parties requested that the war be conducted "democratically". It was indeed conducted in a ridiculous way: no sea blockade, no destruction of enemy supply lines, and so on. The USA had forgotten the lesson from WWII, namely that the terror bombardment of large cities were militarily

worthless, a waste of resources, whereas the destruction of railroads in 1943 crippled the German logistic and proved decisive. The leftist media succeeded in provoking a veritable Anti-Vietnam hysteria. In addition, Robert McNamara's memoirs confirms the view that his mismanagement of the Vietnam War played a crucial role in the US "defeat". [In retrospect, The tragedy and lessons of Vietnam, see also Shapley, Deborah. 1993. Promise and power, the life and times of Robert McNamara. Boston: Little Brown.] Incidentally, (McNamara is a good example how misleading game theory and statistical analysis can be, if conclusions are arrived at without taking the political environment, "ecology", into consideration.) [Senator Wayne Morse significantly labeled the Vietnam debacle 'McNamara's War'—the cost wrongly calculated and the military actions sabotaged.]

(c) in peace treatise. The USA decided both world-wars. Wilson's gravest error, even crime, was that he destroyed the European monarchies. WWI destroyed the "natural enemies" of Russia: the German monarchy and the Habsburg monarchy. His inconsistent conjunction of "democracy" (as a quasi-religion, Dewey's dictum of 1920: "If we commit to democracy it takes on religious value") and self-determination. //What is the "self"?// After that it was no longer possible to conclude a peace treaty in the way it had been earlier. Firstly, the monarchies were often related to each other by family relationships and also by their common interest in retaining that form of government. Secondly, but even more importantly, a monarchy is more likely to respect agreements. Why? Any political party that has come into government position after a lost war will be weak. The opposition can use the unpopular peace treaty as a powerful weapon against the government. (Think of the case "Hitler" and Versailles.) Moreover, the opposition can brake the treaty without scruples, since it has not signed the treaty. The situation of a dynasty is drastically different. By doing so it would lose face, disavow itself. Remember that, according to Montesquieu "honor is the key principle of a monarchy".

##### 5. DEMOCRACY AS STATE RELIGION AND WAR

In 1994 President Bill Clinton declared: democracies do not make war with each other. Therefore he proclaimed "democratization" as the third column of his foreign policy. A Wilson Redivivus. As his predecessor Wilson Clinton left the word 'democracy' undefined, vague and ambiguous. The popular thesis that Clinton professed is falsified already by a look at American history: the "Civil War" (a secession war) was a war between democracies (with a single currency). Even in that war the interpretation of "democracy" became one of items contested in the war. The missionary spirit of America as the country of sects was beautifully expressed by the American pragmatist philosopher John Dewey: "Once we commit to persuing democracy, it will take on religious value.", in: Reconstruction in Philosophy (1920, S. 210).

In his analysis of America Tocqueville claimed that at least since the revival of democracy in the 18th century democracy was a metaphysical system, a belief system that typically appears in a religious conversion, appears with the advent of a new religion. In the case of democracy the credo is the following. "Nobody holds sway over me, because I dictate the laws myself", thus speaks the sovereign, "the People". According to the credo of the new state religion a genuine democrat taxes himself and places his body and life at the disposal of the state as cannon fodder. The people gets the feeling that it has a say, that it too governs. Sharing in the decision-making and self-determination are confused. (Mitbestimmung is confused with Selbstbestimmung. (The initiator of the blooming confusion is the German philosopher Jürgen Habermas, the maître à penser of the German Social Democrat party.) (Hoppe in VSO-3 analyzed of the general mechanism. \*\*\*) The new state religion is immunized against critique simply by the claim that all decisions (even the most perverse ones) emanate from the "Will of the People"—a fictitious holistic entity. As any monopolist, a monotheist religion or a pseudo-religion such as democracy as a

theoretical approach is the precondition of totalitarianism. Thus it is understandable that the concentration of power legitimized by democracy is per se bellicose. A war becomes a Holy Crusade. The vanquished, the former unbelievers, are to be converted, if need be by force, to the true religion. (At the end of section 4.2. the question was raised whether perhaps democracy promotes genocide. It is at the same time chilling and—because of the naiveté—amusing to read that, close to the end of WWII, the frank report of the British Embassy in Washington speaks of a "universal exterminationist anti-Japanese feeling here" (Dower, p. 54, \*\*\*); and the report continues (Dower, pp. 296 f.) that the Japanese are themselves to blame if it is necessary to exterminate them, because they resist "democracy". Apparently the non-believers have the choice either to become converts or to be exterminated because unbelievers. (also Schüßlb. forthcoming, \*\*\* ch.1, n. 295).) In the same vein is Roosevelt's reply to Eisenhower about contact with the German resistance in order to shorten the war: "I have not made up my mind whether or not to destroy the German nation." (Casey, William. 1988. The Secret War against Hitler. Washington, DC: Regnery Gateway, p. 66. /check quote!\*\*) The ideology of democracy ought to be imposed on the whole world by means of war and the hegemony of democratic powers (the United States). The totalitarianism in potentia that goes with that spirit we have seen samples of in the two so-called world wars (see the quote from Nisbet 1986 in section 4.2.). No wonder that American democracy welcomed that Soviet Union as ally; the USSR was declared to be special case of Democracy, and Roosevelt shocked Churchill by writing to him that the USSR was a model whereas the UK was imperialistic (see Nisbet, R. 1988. Roosevelt and Stalin. History of a Friendship. Chicago: Regnery, p. \*\*\*). That Stalin after his invasion of Poland had murdered considerably more poles than Hitler did not impress Roosevelt, and shortly before his death he pronounced that the Poles would not mind to be administered from Moscow. The "democratic" mindset becomes a central part of the war propaganda. The legitimization of unqualified franchise, "one-man-one-vote" is only militarily possible: in war the citizen has to pose himself at the disposal of the state, the democratic state, not only his material possession but also his body and his life. From an economic point of view qualified franchise clearly appears preferable. Predemocratic thinkers like Pufendorf or Immanuel Kant evaluated the democracy immunized against critique by the idea of the "Will of People" as despotism. The majority of the Founding Fathers of America appears to have shared Kant's predemocratic emphasis on the separation of power. Since, as mentioned, the concentration of power is per se war promoting, the bellicosity of democracy is enhanced, reinforced when it has become the state religion. Obviously, in this state of affairs, wars must not occur. If nonetheless they do happen, then that is a crime for which the non-democrats are to be blamed. The very possibility that there might be non-democracies in this world, makes the opponent in spe automatically an "aggressor" against democracy. (The latest example is the NATO propaganda against Milosevicz.) The original American Constitution adopted the pre-democratic concept of the separation of power (e.g., of Immanuel Kant), and thus they rejected parliamentarianism and stressed genuine confederalism (and adopted implicitly secession rights). Political parties tend to form a cartel, something that can be clearly seen in the Federal Republic of Germany and in the European Union, which is about to become a taxing cartel of states for maximally exploiting its citizens. The status of democracy as state religion influences both domestic and foreign policy. If democracy has become the state religion, potential rivals can be excluded from the competition simply by declaring them to be non-believers, "undemocratic". On the level of the competition among political parties it is obvious that the metamorphosis of democracy into a quasi-religious system serves the established interests. Potential newcomers are excluded from the beginning by labeling them "undemocratic", whatever

they proclaim.

## 6. COMPARISON OF PUBLIC AND PRIVATE SECURITY PRODUCTION—A MODEL

### 6.1. Violence agencies—state or private

A power holder employs violence specialists organized form: for internal security the police and for external security military forces. We all live in states. The state is by definition a territorial monopolist in violence (section \*\* above). The production of external security is obviously a necessary by-product of a state: the state has to protect its tax base against potential rivals, other governments. Roads too are such a by-product, necessary to move the military forces and to get easy access to the taxpayers. Internal security too is a by-product, but only to the extent to which a deteriorating security situation begins to threaten the tax income of the state. With respect to internal security private police has become a growth industry. In contrast, with respect to external security today the only violence agency we know are state-employed military forces; which hence are paid (coercively) by the taxpayer.

Every violence agency has protective and aggressive aspects. According to contractarian theory (which is untenable [Jasay AP, ch. 1]) the state is a protective state. However, it is obvious that Leviathan—once the people has handed over their arms to it—can commit aggressive acts against those who have given him his limited mandate. It turns out that the state is also aggressive, and is it all the time: a stationary bandit. By contrast, a private security agency cannot turn against its own clients, since they are paying customers, and the agency finds itself in a competitive market. Only a monopolist can do so. If a private security agency can afford to commit aggressive acts against its own clients, it has turned into a state or a state-like structure. The state is Janus-faced in principle. With democratization it has overstepped its mandate and taken over more and more functions. It has become primarily a provider state. If we have a state it is legitimate that it coercively extract taxes in the amount necessary to fulfill its protective function, but not more. Classical liberals did not even protest against this development towards a productive state as a principle (see my Hayek critique in *Journal des Economistes*...1998\*\*). In addition the state squanders the resources it has extracted from its citizens. In mass democracy, "The state is simply a mechanism to enable the winning coalition to exploit the rest, the losing coalition WITHOUT violence." (Jasay AP, p. 2). In this sense democracy is really peaceful. Instead of "government of the people, by the people, for the people", democracy has become, in the memorable words of Arthur Seldon: "Government of the busy, by the bossy, for the bully (Seldon 1993, 3, 313, Radnitzky/Bouillon, eds.\*\*). The busy are the politically inactive, the bossy are the politically well-versed, and the bully the vote-providing interest groups who have the power to blackmail the vote-catching politicians. The interest groups always clamor for more redistribution. The government clearly serves aggressive interests. Stocktaking of the present situation.

Internal security produced by the state is deficient; in practice only the elite of the political class and some VIPs are protected. In external security the European states have relied on the Pax Americana, since Germany became the glacis of the USA at the end of the 40ies. The USA itself engaged only in aggressive wars, and it became highly interventionistic (Vietnam, Somalia, Kosovo, just to name a few well-known cases). After WWII there were a multitude of wars, but only wars between states of the fourth or third rank (van Creveld \*\*\*) Thus, the kernel of the comparison model (H. Bouillon) are the following theses. The state operates as a monopolist. Hence its incentive structure is accordingly: high costs for its products and low production cost, which makes for low quality. By contrast, a private security agency operating in a competitive market must attract customers. Competition forces it to offer high quality and to keep production costs down; thus he will work more economically than the state.

The state as monopolist devotes little attention to the demand side, whereas a private security agency has to attend to it. A good example is internal security in Germany. As early as in 1994 it had 490 state-paid police and over 500.000 private security personal. Today, the production of external security is a state monopoly everywhere. Yet, here too, in particular in the context of mass democracy (with unqualified franchise) vote-catching politicians know that an increase in social expenditures pays off, whereas an increase of military expenditures does not. Hence the quality of the product will be low and costs will be high. In this area like in all others the state will not work as efficiently as a private agency could.

Since in the production of internal security private security agencies are clearly superior to state production, it is an urgent question, whether or not the situation in external security could also be improved. I think it can.

6.2. On the externalities from the activities of private violence agencies vs. the activities of states

Taking inspiration from Jasay's idea (AP 1997, ch. Conventions, and comments by René Goergens) that the institution of contract (as a master convention for all other conventions) is not self-enforcing but needs a supporting second-order order, and that that supporting order or "satellite convention" is unproblematic, provided the situation is such that the public can observe the working of the satellite convention. The reason is that everybody sometimes makes a mutual promise and so everybody is interested in the positive externalities of the working of a (satellite) convention that supports the institution of contract.

Mutatis mutandis these consideration apply also to the activity of violence agencies. Subscribing to a private violence agency that specializes in defense ('defense agency' for short) is encouraged, since it bring positive externalities for everybody. These will be internalized by paying customers as well as by free-riders.

Complementary, the negative externalities of "aggressive agencies" will also be internalized by everybody. Since everybody recognizes that in the future he/she will want to have their own property (body, life, material possessions) to be protected, everybody will subscribe to defense agencies, even if he also subscribes to an aggressive agency. If somebody subscribes to an aggressive agency, he will make a contract that will exclude an aggressive act by that agency against himself. Unless one assumes that those who subscribe to an aggressive agency will also subscribe to all other aggressive agencies, everybody can be the victim of an aggressive agency. Hence every rational agent has also to subscribe to a defense agency. Which means that those who also subscribe to one or more aggressive agency will have higher costs than a person subscribing only to a defense agency.

A participation in the profit made by an aggressive agency has at least to compensate the cost for the subscription to the aggressive agency in question and in addition to cover the cost of the negative externalities which the activities of an aggressive agency have. The more profits aggressive agencies make, the larger will be the externalities, which everybody incurs. Hence the cost of subscribing to a defense agency must rise correspondingly. The indifference point will be where the two costs are equal: the cost of the negative externalities of the activity of aggressive agencies and the cost for subscription to one or more defense agency or agencies. It will be different for different persons, dependent upon how they appraise their situation. Can the profits made by the activities of aggressive agencies (the participation in these profits for the particular subscriber) ever surpass the cost for the indispensable defense agency or agencies? If a person only subscribes to defense agencies, he has only these costs, and he does not contribute to the negative externalities arising from the activities of aggressive agencies, which he, like everybody else, incurs. If idealiter nobody subscribes to an aggressive agency, positive externalities will be at a maximum and cost of subscribing to a defense agency will be low.

## 7. SOME STANDARD QUESTIONS COMING FROM THE MILITARY

As proponents of the privatization of the army libertarians must be prepared to answer some standard questions from the military. The people living in a state or region find themselves in a situation with certain insecurities or potential threats from powerful neighbor states. The first task of military planning is to identify wherefrom an attack has to be feared and how to meet it, if need be. Hence the potential customers for private security services enter the market for military services with certain concrete demands. They have observed that states (under the political pressure of lobbies of the armament industry) act in such way that a particular type of system is established: first military advisors were sent to a foreign country, then followed arm sales to those countries. Eventually a big nation states gets itself entangled in the net of that system and finds itself in a war in "in the other end" of the world. (The case of the Vietnam war was mentioned in section 4.3. above as an example.) At any rate, the potential customers of private security production will shop around for offers that would satisfy their particular security needs.

Different countries have different defense needs, often highly special needs. Private suppliers of external security production must make it plausible that they can meet the highly special defense needs of different countries or regions. The offers must be tailored to the needs of people living in a given territory with a given geography. Just two examples: Swiss defense efforts have traditionally focused on the defense of mountains: building tunnels in the mountains to be used as starting strips for interceptor aircrafts. (Only the F15 proved to have a sufficiently narrow wing span to be usable for that purpose.) The interceptor would land on a landing strip and then be taken by an elevator to the starting tunnels. Hence there is the need for a very special logistic. (If motor ways are build in such a way that they can also be used for the starting and landing of military aircrafts, they have to be reinforced so that the motor way can stand the pressure of very heavy supply aircrafts.) All this will be very costly for a producer of defense. Natural monopolies will develop. Will there be a real market of such highly specialized services? Or take Sweden as an example. With its long coast line it cannot use ordinary submarines but needs highly specialized small submarines, and land forces that can intervene successfully, if the enemy has established a foot hold on the shore. (Great Britain bought Eurofighters instead of Tornados, because it focused on short-distance defense and low-level flying.)

Moreover, a private defense agency has to cover considerable costs for permanent preparedness. It must be able to match a surprise attack by a potential enemy. The preparedness has to take all possible scenarios into account. (In section 4.3 the case of the USSR was mentioned, which in 1941 had concentrated all efforts on a vast build-up of attack forces and stupidly disregarded the possibility that the intended enemy would strike first, even if only by days or hours. No defense preparedness at all—with catastrophic results.) A private defense agency has also to be able to meet the strategic inventiveness of the potential attacker. (A historical example is the strategic genius of general Guderian who in WWII invented mobile warfare: tanks in radio communication with the command center operating with air support by tactical fighter planes; on the French side only De Gaulle comprehended the situation. A second example: the invention of special pioneer services combined with transport gliders made the French Maginot Line a gigantic misinvestment.) The inventiveness in the field of military equipment, technology, will largely be a consequence of progress in the respective basic sciences.

Surely, the market can offer better and cheaper products, products tailored to the needs of the customer. This is scarcely contested any longer. However, national defense and privatizing the army is the pièce de résistance of the statist. At the moment, whether or not private security suppliers can meet the highly specialized needs of various



\*customers as an open question. At any rate, Libertarians must be prepared to answer pressing questions from the professional militaries.