

The Advantages of Private Defense from an Austrian Perspective

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An argument often employed by statisticians in support of a centralized government is the belief that a public army is necessary to defend our rights. Without this army, warlord-tyrants would take over in the anarchy and prop themselves up as kings like in the days of old. To avoid this, we use democracy and try to avoid electing warlord-tyrants, so we at least have some semblance of control over our destinies. Defense is a service, or a good, in the sense that getting a massage or insurance is, particularly the latter. You worry about something happening, so you pay someone to help protect you in case it ever does – or ward it off from occurring in the first place. Already, a huge share of defense is provided privately, and removing the state monopoly and intervention in the provision of defense would not increase warfare as would-be dictators wage wars with one another but rather decrease warfare as imperialistic tendencies would be reined in by the market system and allow for more efficient delivery of the service of defense as the government ceases to crowd out the private market.

As it stands, we currently live in a world of both extensive private defense and publicly provided defense. The greatest display of private defense is the ownership of arms by American citizens. The majority of these gun-owners are not simply doing it for sport or hunting, but rather for personal protection. “About seven-in-ten gun owners (72%) say protection is a major reason they own a gun” (Schaeffer). This is due to the rather lackluster police response times experienced – especially in rural areas – by citizens in this country.

To understand why Americans feel so strongly the need to protect themselves one must only look at these police response times. The publicly provided police forces have admittedly poor – though not surprising - reaction times to incidents. According to a study compiled by the Bureau of Justice, police responses to crimes of violence (assault, robbery, etc) took over 5 minutes in over 65% of studied cases. This is long enough to brush your teeth twice with time leftover to floss.

To the Austrian economist this makes perfect sense. The government is inefficient and slow. The bureaucrats in charge of allocating resources and directing police responses are doing it according to government mandate, not market choices. The argument that the government must protect us because it is impartial is simply a smokescreen thrown up to defend the control they seek. They say it’s for our “protection” in the same way that mafia members do, and if we don’t pay for it, we get thrown in jail. The point I seek to make here is a rather simple one, that fact of the private market being more efficient, even in cases of defense. Even some proponents of libertarianism or Austrian theory are timid when it comes to privatizing defense, yet, as we have already discussed, the majority of defense is already privately supplied.

The matter of efficiently supplied defense is not one of morals but one of efficiency, and the government is no better at providing public police than it is at paving our roads. The allocative process is just the same – the decision to pick a new firearm over a new vehicle is left up to the whims of government “experts” instead of the market. If private firms were to be competing only those who could satisfy the customer would survive. The defense firm that uses

new guns but slow cars and thus fails to respond in time would be pushed out of business by its losses and replaced by that firm which opted to get the newer vehicles. The numbers were run by the entrepreneur-capitalists and the most efficient option was picked – if it wasn't, the market quickly punishes them and encourages the superior firm to rise to the top with monetary signs and rewards.

Let us take a look at private defense in history, to show how human social evolution has redefined what we expect in terms of a supply of defense. From the tribal chiefs gathering their friends for a raid, to the banking families of Genoa raising private armies. One of the oldest systems for the provision of defense was the ancient feudal method. Simply put, it was an economic system of contracts between kings, lords, and peasants, with each owing fealty to the individual above them. The lower class toiled to produce, gave a share of their production to the higher class, and in turn received protection. The old Anglo-Saxon kingdoms are a veritable sandbox of this method of defense.

For some time, the agreement was simple – the (primarily Anglo and Saxon, hence Anglo-Saxon) kings would raise their personal armies, with squires, family, and friends, and use it to defend the common people around the land who would in turn give food to the king and his men. This allowed the commoners to focus on agricultural production and government intervention was essentially non-existent. Family structures dominated the political sphere – you were part of a family and helped out, and the king and his men would protect you from others who sought to do harm to you or deprive you of your life or property.

While slavery and warfare were still commonplace, the rights of individuals were defended as the king required the consent of his people to rule – without their food he couldn't feed his armies. The “state”, as we see it, didn't exist. There were no laws in the sense of regulation and licensure, but rather agreements between families and warriors.

This was a rudimentary sort of private defense, and it continued, even as the centralization of England continued. Nobles held private armies and could contest the power of the king with their own soldiers. It wasn't until the end of the English Civil Wars and the reign of the autocratic commonwealth republic under the Lord Protector Oliver Cromwell that a centralized army – the New Model Army of the Commonwealth – truly formed in a professional sense (Fletcher 981).

We shall now ponder some of the many negative effects of a centralized defense. This army was controlled not by private hands, nor even local magnates or nobles, but rather centralized so much that the commanding general held almost full authority (enough to ignore parliament if he so wished). This is in stark contrast to the Austrian view of the merits of private defense. This New Model Army was employed at the detriment of the people. It was not subject to costs – they could coerce people into handing over funds – and its efficiency was based not on how it improved the lives of others but rather on how many battles it could win and political opponents it could intimidate.

The utility of the individuals involved was not a consideration to the state – for them it was a matter of control. Without private calculation from free market exchange, the utility of the people of England, Scotland, Ireland, and Wales could not be maximized *ex ante*, and certainly not *ex post* either. England’s turbulent political and religious atmosphere in the 1600s gave way to such centralization efforts that had never been seen before in the region.

It is now time we shift our focus to another republic around this time; the free merchants of Genoa, under the protection (or rather lack thereof) of their doge. This republic is organized in a strikingly different fashion to that of the English Commonwealth. While the Commonwealth was an autocratic military dictatorship, the Genoese republic was a collection of free people and merchant families, banded together with a doge, to defend their rights and property and engage in trade.

The private defense employed by the Genoese was exemplified in the familial mercenary armies they wielded. So driven by profit were the Genoese, there were, at times, armies from different merchant families on either side of a war, such as those between Habsburg Spain and France. Despite being the leader, and supposed defender of Genoa, “Doges were very dependent on the military and naval resources of their own family, faction, and allies, not only to win power but to maintain it” (Shaw).

The freedom afforded to the merchant families is an example of what an anarcho-capitalist society may look like. The soldiers serving the French and Habsburgs were pressed into service while the Genoese mercenaries saw it as a way of life. Mercenaries were not coerced, at least not to the extent that feudal soldiers were in this time, and so they would not be so negatively impacted by their perceived loss of utility. It is for this reason that mercenaries are so efficient. Military generals know that soldiers who want to fight will always perform better when compared to those who are compelled. Mercenaries who fight on their own volition serve their interests, not the state’s.

Of course, our concern is not just with how well mercenaries fight, but rather how we may employ a privatized system of defense to reduce warfare overall, as conflict between states must necessarily harm the utility of most, if not every individual involved. It is simple to see how this may happen. Warfare is a method of coercion. The state coerces individuals into fighting for it, justifies the war by saying it is spreading democracy, then proceeds to force young men to kill other young men. The state’s incentive lies not in keeping people alive or spreading democracy, but rather in achieving the political goals of the bureaucrats who authorized and oversaw it, and to increase the prestige of the generals.

This generally stands in contrast to what some may consider good order. The way Rothbard saw it, wars initiated by the State were necessarily increasing aggression against their own taxpayers and especially aggressing against the lives of the citizens of enemy states as the soldiers commit the maximum aggression of murder (77). Wars do not just fail to increase utility

by being inefficiently run by the state, but rather they are a direct attack against both the citizens of the aggressing state and those citizens being killed in the other state.

The only possible justification for such an outrageous expedition is that of the “greater good” – such was the case in many wars in American history, such as our invasion of Iraq. An invasion that cost the lives of 4,500 American soldiers and upwards of 185,000 Iraqi civilians (Watson Institute). While I do not presume to be able to calculate the impact this had on social welfare or the collective utilities considered, I will nevertheless be so certain as to claim that it is unlikely every one of these individuals wanted to die in exactly this fashion. This war, quite recent in history, is a shining example of imperial aggression, flagrantly violating the rights of others, and ought to serve a similar lesson as that of Vietnam. It is basic Austrian theory. Dying in this exact fashion is presumably not the preferred choice of every one of these individuals, and so they would not have taken this course of action, preferring an alternative choice, such as living. However, because of the invasion, their utility was unjustly harmed – in this case, harmed in the greatest sense.

A disarming of the state would drastically reduce this unnecessary conflict worldwide. To understand how such a bold claim could make sense we must have a good understanding of world conflict. There are two important points we must now press – firstly that of matters of warfare being an aggression against a state rather than an individual, and, secondly, that of the stated reason for every war being self-defense of the people of the nation.

In the days of knights and chivalry wars were between people, not nations. The king of France and the king of England were at war, and so they would call upon their nobles and their knights – everything was personal. Now, however, it is not individuals that go to war who rely upon their closest allies and friends to join them, but rather it is bureaucrats in offices far from the battlefield who dictate which countries should have a regime change. All of these wars are done in the name of self-defense for the state.

The public reasoning for the war with Germany in WWI wasn't “To secure our financial interests in Great Britain and France” but rather “The Germans are going to take over the world and impose an autocratic order on everyone, so we must help take them down before they can do that.” For the state, the reason for war isn't important so much as its impact and ability to mobilize and encourage its people. At times, however, propaganda wasn't enough, and the state would begin to arrest those who protested against its actions. Countries such as the U.S.A would arrest antiwar protestors for being against the government. If you think that us invading a country overseas is bad, clearly you support that country and want them to destroy us, hence we must detain you at once. The government went so far as to turn private citizens against one another, in the name of “freedom” and “democracy”.

This joint reasoning – aggression against all the state, and warfare in defense of the state – helped to shape the perspective of warfare. When we invaded Afghanistan, we were told it was done in the name of democracy, and that they posed a threat to the world – including America.

The bureaucrats seek to include people in its definition of state so when they say “America is under an attack” it spurs people to action, to support foreign intervention and toppling regimes of countries whose names we can’t properly pronounce and whose history we’ve never bothered to learn.

While I discussed history before, I shall now discuss the importance of history as it relates to the practice of collective security in an international society utilizing modern warfare. This is a point in which I shall seek to concern the reader as to the level of destruction afforded by the conquest of states. To begin, of course, we must understand collective security. It is the idea of a world police force – generally America – and the use of that force against anyone who threatens another member. The policy of collective security ensures that warfare is often escalated to far higher levels than it needed to be and harms the citizens of every country involved (which, due to collective security, tends to be more countries than necessary).

Rothbard gives us an excellent example of the shortcomings of collective security in his discussion on the fictional Balkan states of Ruritania and Waldavia. If Ruritania were to invade Waldavia it would be seen as evil aggression. The idea is that an “aggressor” state is attacking a “victim” state. Note the emphasis on the state rather than the individuals. This evilness must be quelled and punished such that no one else should ever attempt such a thing again, and to this end, every other state in the world – especially America – must step in and crush the aggressor.

We can very clearly see how this escalation, taking a war from being a local matter to an international one, is a rather successful means of ensuring the destruction of more lives and property and ravaging more of the world than is otherwise necessary. Without considering the history of these two states, the world intervenes, bombing Ruritanian cities and forcing them to surrender, taxing their citizens, and conscripting young men to kill Ruritarians to protect Waldavia.

The justification used by America in its intervention worldwide is that it’s like a police force. If a cop saw a man getting mugged, he would rush to the defense of the man and stop the criminal. Of course, a state isn’t a person, and the history involved is both very important and always ignored. We have already discussed how poor the police force’s response times are in the United States, and I am not entirely certain how much confidence it inspires to hear that our military is designed to be the world police force.

Now, Rothbard takes it one step further when he proceeds with his discussion to the matter of aggression against the individuals. While one state is portrayed as the aggressor and one state the victim, it is the individuals of both states who are being aggressed against, as the state does not justly own the land but rather the individuals. If I own a farmstead on the border and Canada invades me, it is my direct rights that are being violated, not necessarily the rights of every American and every other individual in the world.

When America rushes to the defense of Waldavia they must raise taxes which is a violation of human rights – in the sense that we own ourselves and our property. If an Austrian economist is against taxation, then he certainly cannot be in favor of warfare, or even the state defending itself. There ought to not be a state to aggress against the citizens in the first place. If I walked about a city with some friends and pointed guns at people and forced them to give me their belongings, with the promise I would “protect them” (by which I really mean throw bombs at anyone who seems to be causing problems) then I would almost certainly be shot and tossed into a river. One of the greatest successes of the bureaucrat is that he managed to convince the average man, and even some Austrians or libertarians, that the state ought to oversee defense as it is morally upright and concerned for the good of its people.

Neither Ruritania nor Waldavia owns the land upon which they draw their borders. It is in fact owned by its owners, and it is these individuals who are being aggressed against by their respective states. In the case of invasion, they are being aggressed against further, and when foreign countries intervene in the name of freedom they bring about far more death and destruction than would have been resultant had the parties remained static. In modern warfare now, not only is the state more capable of intervening in further geographic regions, but it also utilizes far more weapons that are targeted at civilian populations.

When in England there was a war with Scotland the highlanders would stab the Englishman with their broadswords and the English longbowmen would skewer the Scots with their arrows. Now, however, in the current war between Russia and Ukraine we see the deployment of massive weapons that cause destruction unheard of in the Middle Ages. The bombs used are often not specifically targeted at military installations, but rather civilian targets, with the hope that the catastrophic loss of life will cause one side to back down. Combine this with the issue of collective security and we see how a war, such as the conflict between Russia and Ukraine, already escalated to America sending weapons, and may lead even further to the point of a greater global conflict as the European Union sits at the edge of its seat waiting for Russia to make the wrong move.

Speaking of the Russo-Ukrainian war, it is important to also discuss modern-day private defense, and Moscow’s employment of private mercenaries, and how the assimilation of these forces into the state apparatus reveal that the “private” aspect of the Wagner corporation is a smokescreen to hide the control the government wields over the company, and how this example is not a strike against private defense leading to less war.

As we have shown, the private provision of defense is not aggressing against rights in the same way that states do. Indeed, the state goes to war far easier than a PMC may. This is for the very simple reason that when a state goes to war it taxes its people and forces them to pay for and fight in the war. It is unfortunate when taxpayers die of course, but it achieves greater political ends for the politician who sought the conflict. However, in the event of private mercenary groups being the go-to for the provision of defense we would see a different outcome.

Because the PMC cannot (legally) coerce individuals into handing over funds and fighting for it, it would suffer losses for each death and each bullet fired. Accountants would read battle reports and see how much it cost, and the entrepreneurs in charge could easily determine how expensive war really becomes when the cost is calculated, especially compared to how little benefit is truly gained.

Because it is so costly to go to war, for a company that cannot steal money nor force individuals to fight for it, the most cost-effective option is arbitration or conflict resolution. It would be far more profitable to take the matter and represent the injured party in a private court that both parties agree to. Private mercenary companies would not just be wandering bands of warriors seeking employment to kill, but rather parts of larger entities that could perform a variety of tasks, such as insurance, arbitration, and security.

While the Wagner corporation is technically a private mercenary company, it faces the issue of incredible government intervention. Just as a railroad company that is subsidized by the government, a PMC that is owned in part or subsidized by the government will face different marginal cost and marginal revenue curves, and will have, as part of its decision-making structure, the bureaucrats who provide the funding. These perverse incentives disrupt the market process and lead to an outcome that is not what the consumers would have wanted (a necessary outcome of a perverse incentive). Had it been wanted, it would have been paid for in a free market, as people would have signed contracts and negotiated to achieve such an outcome. However, as it turns out, the free market does not want several thousand men to invade and plunder cities, but rather it is the government in Moscow that seeks this outcome.

After the PMC group's failed mutiny, which included a march to Moscow and a hope to stop Putin, the leader and several of his senior members were killed in a plane crash. This shattered the organization, and the pieces have been picked up by the Russian government, in their ever-increasing attempts to incorporate the group into their Defense Ministry. Even before this march and loss of their leader Russia had been ordering the PMC group to sign contracts with the Defense Ministry and subordinate themselves to governmental leadership. The motives of Putin in forcing Prigozhin to sign these contracts was to ensure their continued assistance in the war, especially as the PMC leader had stated that his men may not continue to fight in Ukraine due to the standoff he was facing with the Defense Ministry (Osborn).

This example serves to demonstrate that not every "Private" mercenary company is what it claims, and that the use of the Wagner corporation in the invasion of Ukraine does not somehow prove that PMCs would wage wars with one another. While they may have some local disputes, they most certainly would not go to the extent of intervention that the United States seeks to. It is unlikely that an ultra-moralist CEO of a PMC would arise and bomb citizens across the world in the name of democracy. This would be incredibly expensive and make him seem to be an evil warlord, who would presumably be deposed very quickly. Rather, the local groups would deal with the problems that they understand, and those who are far away would keep out

of it, as the cost of getting involved far outweighs the benefits of taking the perceived moral high ground.

While warfare is unlikely to disappear in our lifetime, it is altogether logical that a decrease in the power of the state would lead to less war as the individual focuses more on himself and his neighbors and concerns himself less with intervening in foreigner's affairs of which he understands very little. Indeed, without a doctrine of collective security we would see warfare at much smaller scales, balanced by the local powers, always taking into account the costs and benefits of entering into such a conflict.

As always it seems that the less the government gets involved the better the outcome would appear to be. Without intervention overseas we would have a smaller military. This reduced defense spending would mean less taxes. We could spend our money and our productive efforts on making soap and boardgames instead of bombs and firearms. When the state steps aside and lets the market decide, that is when we see the utility of the individuals involved becomes most maximized. Not just in the matter of buying some item or other, but also in the provision of that good which most directly impacts our physical wellbeing.

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