

The Market is Always Free and Fully Employed



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“One Voluntarist’s Perspective” is an original bi-weekly column appearing every other Monday at Everything-Voluntary.com, by the founder and editor Skyler J. Collins. Archived columns can be found [here](#). OVP-only RSS feed available [here](#).

Those who adhere to the philosophy of liberty (libertarians, voluntarists, etc.) are quick to point out that neither the United States nor most places on earth have a free market economy. This is true if we ignore an important qualification for what constitutes a free market. Rothbard defined the (free) market as, “a summary term for an array of exchanges that take place in society. Each exchange is undertaken as a voluntary agreement between two people or between groups of people represented by agents.” Thus we can make the argument that the market is always free, and concurrently, always fully employed.

Always Free

If what makes for the market is an “array of exchanges” each “undertaken as a voluntary agreement” between people, then anything outside of this is not a part of the market. Because all criminal activity, private and public (the state), is not undertaken as a voluntary agreement between all people involved, it is not a part of the market. To the extent that exchanges are coercive, they exist outside the market because only voluntary exchanges can be considered as part of the market.

The first time I encountered this thought was when I published an article on agorism by Nic Hooton. He wrote in chapter 16 of *Everything Voluntary*, titled “Agorist Living,”

A society is simply a group of two or more individuals, and a market is simply a place or system wherein two or more individuals engage in mutual exchange. If libertarian moral philosophy is valid, if the principle of non-aggression is indeed a universal ethical principle by which human interaction ought to be guided, then it is true at all times and in all places, in all societies and markets.

For example, the geographical area known as North America contains many free societies and free markets in which several well organized criminal syndicates known as States operate unchallenged. They are currently too powerful to be repelled by any private security firm or syndicate, and they have used mass propaganda to obtain the sanction of most of their victims.

I don't think any libertarian is so naïve as to assume that no crime exists in free markets. Libertarians advocate freedom to pursue voluntary solutions to crime. If a free market is a market in which zero crime or aggression occurs, then there will never be a free market, and we strive for it in vain. If we respond to criticisms of free markets by claiming that "we don't live in a free market", then we are admitting that the non-aggression principle actually does not apply in our society, and therefore the State's actions are perfectly legitimate.

Another way to make this point is to make a pie chart labeled "society." To the extent that exchanges are voluntary (all sorts, from goods and services to ideas and interpersonal relations), they exist within that section of the pie labeled "market." And to the extent that exchanges are coercive, they exist within the other section of the pie labeled "crime." Though both crime and the market exist, their ratio to the whole differs from one society to the next. As a voluntarist I seek a free society, and want markets (voluntary) to grow and crime (coercive) to shrink. As the biggest crime syndicate in a given society is the State, I am necessarily anti-State.

Always Fully Employed

A concurrent point to be made is that because the market is an "array of exchanges" (undertaken voluntarily) anything that is not an exchange is not a part of the market. To not exchange something does not make one a participant in market activity. The market only exists where there is market activity (likewise crime only exists where there is criminal activity). Market activity consists of production and consumption. One who is unemployed (totally) is only a part of the market to the extent that he is a consumer. His unemployment exists outside of the market. Therefore the market always has full employment. Society might not have full employment, indeed as many members of society can't or won't work, or instead choose to enter a life of crime (public or private), but the market is always fully employed.

The goal of markets, of voluntary exchange, is not employment, but rather the reduction of scarcity. The less employees needed to meet needs and wants, the better, the wealthier, and the more advanced society becomes. I believe it was Hazlitt (or some other Austrian School economist) who wrote that what markets need is more, and more efficient, production, not more employment. Production, made possible by savings and investment, are how economies grow.

Final Thoughts

These revelations were pivotal to my understanding and development as a voluntaryist. Most people share the same ends, ie. a wealthier and freer society, but very few understand the proper means. Only markets create peace and wealth, and only production grows markets. Just because crime and unemployment exist in society doesn't mean that markets aren't always free and fully employed. They are, on both counts.