In Ursula K Le Guin’s classic short “The Ones Who Walk Away From Omelas” she considers a prosperous and happy society whose success is somehow purchased through a dark bargain — the torture and abject immiseration of a single child. Despite the positive good won for the many, a few starry-eyed children of Omelas refuse to temper their hunger for a better deal, and reject this otherwise utopian society, albeit with no alternative blueprint in hand. Simply insisting that there must be something better, or that their lives should be devoted to at least searching for it.

To opponents of markets they pose an equivalent faustian bargain; no measure of background wealth and technological advancement is worth the price of social hierarchies of wealth or even a single person in poverty. Many would rather live in an “equality of the mud” with no economic benefits beyond subsistence farming if it avoided even a single person, disabled and without friends, starving or being forced to prostrate themselves before a charity. Never mind the feasibility of their alternate proposals, I am deeply sympathetic to this evaluation. In fact I have always been more of the mind that those merely walking away are abdicating a moral responsibility to do more. Mere exit is no more than the gutless wip-
ing of one’s own hands. The anarchist cry is that so long as even a single person in the universe is oppressed we owe them active resistance. And oppression can obviously look like impoverishment in material freedoms, as well as severe differences in relative capacity or status.

The central problem with liberalism is that it constructs “good enough” societies, so locally optimal that no easy transition can be undertaken to improve them except through titanic catastrophe. To secure some advances or benefits, liberalism builds up walls against future improvements, a tradeoff it calls pragmatism. And inevitably these walls allow what positives it secures to be eroded away internally.

So how would we avoid Omelas situations in some utopian anarchist market? If we were able to equalize wealth in some magical revolution and for the first time launch an actual freed market, how might we avoid getting accidentally locked in at some stable point — some local optimum — with an underclass? There are many norms and institutional configurations or distributions possible in a market. Path dependence might be a thing and, by quirk of random trajectories, we might end up in a decidedly less than egalitarian configuration. Perhaps even one where the immiseration of a few is quite sharp, and yet the whole economy “pareto optimal.” Even if a situation is not technically pareto optimal a market may have such a warped ecosystem as to make the gradual resolution of this inefficient satiation of desire involve prohibitively long timescales. What does it matter to the de facto slaves in a company town that they could slowly save enough over centuries to eventually liberate themselves and compete against the company enslaving them?

Well I think the answer depends on going back to the differences between market prescriptions and non market prescriptions and analytically extending our existing solutions to certain problems.

Part of the anarchist argument for markets is that they provide a counterpressure to a persistent problem of oppression in non-
can know what the maximum wealth should be, or how hard to
disincentivize wealth accumulation past a certain point, but the
market can know. The aggregate knowledge and needs of poor
thieves being yet another market pressure, far more dexterous than
some central planner. And note also that this would enforce a cap
on wealth, not really a cap on income. An insightful but poor en-
trepreneur would have more to gain than a similarly insightful en-
trepreneur quite comfortably situated, thus further encouraging a
churn of wealth. After all it is typically those on the bottom who
have more insightful entrepreneurial ideas, being closer to the par-
ticulars that need solving.

Marxists have long sneered that anarchism is an alliance
between the petite bourgeoisie and the lumpenproletariat, and
so it is with some relish that I have long noted this notion of a
freed market that embraces insurrection constitutes their worst
nightmare. Of course I doubt any petite bourgeoisie would accept
such an expanded market, giving relative license to the poor to
raid the coffers of the rich so long as the “middle classes” are left
alone, and a few class war ideologues in anarchist circles have
derided me a lumpen and traitor for not wanting to cleave the
heads off middle class snots, but I’m uninterested in the paroxysms
of full revolutionary violence and think this proposal strikes a fair
balance.

Beyond irritating marxists, it is also here that the two most com-
mon libertarian arguments radically break with one another. The
consequentialist argument that the decentralization and feedback
channels provided by markets (leveraging the accuracy of revealed
preference through exchange) assures greater dexterity and wealth
for all than centralized systems grinds into conflict with the deon-
tological argument for respecting property as some kind of a priori
“natural law.”

I’ve argued this position several times before, underlining that
reputation and interpersonal relationships are inalienable to minds
in a way that physical goods are not, but it’s also worth emphasiz-
market societies. In a gift economy your social standing and ties
play a critical role in determining your livelihood. Embedded in a
community or social landscape you are at risk of being dependent
upon games of social capital. To be a pariah, to have a different
brain architecture, or even to simply be less gregarious than oth-
ers, could mean death or exclusion from the means of production
or basic needs. Whatever egalitarian values an institution or com-
munity might proclaim, there’s nothing objectively forcing them to
stick to such. Small towns and hippie communes often end up look-
ing a lot like Omelas. Further, even if no one denies you food, the
implicit status hierarchies of charity can be all the more pernicious
in a society where they constitute the final word on everything —
whether through the centralized commune or a decentralized web
of friends you are expected to maintain.

To resolve this issue we can expand what is possible in our an-
archist economy by permitting people to make spot transactions,
that is to say exchanges, thus facilitating collaboration between
strangers or untrusting associates. You may become a pariah in
the neighborhood association/commune for your fashion sense or
uncut lawn but you will still be able to benefit from economic col-
aboration/competition on the market, the network of exchanges,
thus providing a pressure valve to check the pernicious abuses of
social capital(ism).

It’s important to note here that a gift economy can be consid-
ered a market — albeit deformed from its full potential — limited
to a stark subset of possible feedback loops and information flows.
Proponents of gift economies often object to exchange itself as un-
ethical because it arguably allows, encourages, or fundamentally
involves competition, something seen as less than “friendly” and
thus objectively unethical. One common refrain from the Graebe-
rians is, “If you fully trusted one another there’d be no point to do
a spot transaction.”

What’s fascinating to me is the degree to which most anarcho-
capitalist “walmart minus the state” models of a supposedly ideal
market themselves depend upon cutting out a vast variety of possible feedback loops on ultimately similar rationales.

By taking property titles as a given — as an objective ethical reality, as natural law — they suppress the haggling over which titles people feel inclined to respect.

Just as the advocates of gift economies would suppress the autonomous emergence of exchange, the advocates of “walmart minus the state” markets require the suppression of theft, sabotage, assassination, etc. That is to say issues emerging from contested claims. The polycentric legal system of such ancaps is just assumed to reach and maintain a near perfect equilibrium (heeding closely to some supposed “natural law”). But it is in fact an important component of austrian arguments that, while markets have equilibrating tendencies, they are never in equilibrium. And things like theft and sabotage can themselves be critical market functions — in the more primordial reputation market prior to the emergence of any consensus on titles. There will probably always be a few people on the margins who see little or no reason for mutually beneficial detentes to recognize the claimed titles of certain other people, or even their lives.

While there are reasons we should expect and encourage broad settlement on market norms and peaceful cohabitation — and thus impede some of these reputational dynamics to some degree — to exclude them entirely is to remove feedback mechanisms by which the market can course-correct itself. Just as accepting at least some measure of trade and rivalrous competition allows for greater prosperity (and thus the capacity to gift more), so to does accepting some measure of theft, sabotage, assassination, etc allow for greater prosperity by tearing down and disincentivizing centralized cancerous monopolies of wealth, power, etc, thus allowing the broader economy to run smoother.

If even one person is truly trapped and immiserated in Omelas there is a pressure valve: they can revolt. The destitute can steal from the rich. Those subject to negative environmental externalities can sabotage the factories of those responsible. The oppressed can eliminate those holding power. If, despite the best intentions of anarchists, a freed market goes awry for some reason and starts to develop cancerous accumulations of wealth and power, or just the catastrophic immiseration of a few, as a solution we would not require some binary revolution, some universally disruptive jubilee that once again resets the playing field to try a freed market again, rather resistance can be much more nuanced and gradual. Rather than a “permanent revolution” a permanent insurrection, at least at the margins.

It’s worth noting how much smoother this is than conflicts within communes, or the “townships” that Kropotkin said would be able to somehow collectively decide to deny specific people food, etc. If a single person starts monopolizing title over a resource to the detriment of everyone, other individuals can start autonomously disregarding their claimed title. Insurrectionary forms of resistance thus remain an option, and are likely to smoothly increase in frequency and strength as a concentration grows more pernicious. This individual-to-individual resistance is much more gradual and fluid than the resistance necessary to overcome the edicts of a collective entity.

Mild perturbations of wealth are not objective, because value is not objective, especially in an actually-existing market that never perfectly clears and/or a freed market that doesn’t collapse its transmitted information to prices in a single universal currency. It’s thus a bad idea for those around the median wealth to disrespect each others’ property claims. General upheaval or contestation of titles doesn’t benefit anyone, even if your house is somewhat smaller than your neighbors. The risk is too high, the possible payout too small, stability a general good. And thus profit signals can actually work, exchange happen, etc. But in the face of severe inequality the cost-benefit ratio changes.

Note that this puts caps on maximum wealth without turning to the arbitrary and dangerous means of the state. No state planner