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Goods, Scarce and Nonscarce

Originally published in 2010, with co-author Jeffrey Tucker.\* This emerged out of many discussions he and I had about intellectual property and our respective writings on this topic. I have revised and updated the original article,† which included this authors’ note: “Special thanks to BK Marcus, Doug French, Jeffrey Herbener, Raymond Walter, David Gordon, Robert Murphy, and   
Joseph Salerno for comments.”

\* Jeffrey A. Tucker & Stephan Kinsella, “Goods, Scarce and Nonscarce,” Mises Daily (Aug. 25, 2010).

† My co-author has reviewed the changes made in this chapter and fully agrees with them.

Everyone who is serious about ideas now has to deal with the issue of “intellectual property,” especially given the advent of digital media and the state’s war on the supposed violators of the intellectual rights of others. The situation has at once become very hopeful, with more sharing of ideas than ever before in history, and extremely grim, with the federal government pressuring every internet-service provider to act as proxy enforcers of an unjust law—and twisting the arms of developing countries to adopt draconian, Western-style IP law.[[1]](#footnote-1)

This debate, however, involves more than just IP issues. The discussion surrounding this topic has further clarified other issues, like the character of goods and property, the existence and centrality of nonscarce goods in economic life, and the role of learning in the evolution of society. This partially accounts for why the IP topic is so hot: it causes us to revisit fundamental issues over property, ownership, competition, and other areas we’ve mistakenly taken for granted. What follows is a summary of some fundamental ideas many of us batted around this summer.[[2]](#footnote-2)

SCARCITY AND SCARCE GOODS

“Why are tangible goods property?” This is a central question of *Against Intellectual Property*. Or more precisely: why are there, or why should there be, property rights in material, corporeal, scarce resources? The reason for property rights is:

… the fact that there can be conflict over these goods by multiple human actors. The very possibility of *conflict* over a resource renders it scarce, giving rise to the need for ethical rules to govern its use. Thus, the fundamental social and ethical function of property rights is to prevent interpersonal conflict over scarce resources.[[3]](#footnote-3)

On this point, we can cite Hoppe’s *Theory of Socialism and Capitalism*, where Hoppe writes with singular clarity: “only because scarcity exists is there even a problem of formulating moral laws; insofar as goods are superabundant (‘free’ goods), no conflict over the use of goods is possible and no action-coordination is needed.”[[4]](#footnote-4) The logic for this insight Hoppe draws from Rothbard, and the term “free goods” he takes from Mises.[[5]](#footnote-5) (As for the term “goods” itself, it is used by Austrians more or less as a synonym for the *scarce means of action*.)[[6]](#footnote-6)

Hoppe writes:

To develop the concept of property, it is necessary for goods to be scarce, so that conflicts over the use of these goods can possibly arise. It is the function of property rights to avoid such possible clashes over the use of scarce resources by assigning rights of exclusive ownership. Property is thus a normative concept: a concept designed to make a conflict-free interaction possible by stipulating mutually binding rules of conduct (norms) regarding scarce resources.[[7]](#footnote-7)

Even in the case of the Garden of Eden, where superabundance would mean that all things we ever wanted were in our grasp, Hoppe explains that there would still be a need for property rights. This is because the human body itself is scarce: choices about who can use it and how it can be used necessarily exclude other choices. One cannot simultaneously eat an apple, smoke a cigarette, climb a tree, and build a house. Likewise, as Hoppe notes:

… because of the scarcity of body and time, even in the Garden of Eden property regulations would have to be established. Without them, and assuming now that more than one person exists, that their range of action overlaps, and that there is no preestablished harmony and synchronization of interests among these persons, conflicts over the use of one’s own body would be unavoidable. I might, for instance, want to use my body to enjoy drinking a cup of tea, while someone else might want to start a love affair with it, thus preventing me from having my tea and also reducing the time left to pursue my own goals by means of this body. In order to avoid such possible clashes, rules of exclusive ownership must be formulated. In fact, so long as there is action, there is a necessity for the establishment of property norms.[[8]](#footnote-8)

A property right in one’s scarce body is a precondition for action even in the face of superabundance. Hoppe goes so far as to say that the body is the “prototype of a scarce good.”[[9]](#footnote-9) Here he agrees with Jefferson’s teacher Count Destutt de Tracy: “property exists in nature: for it is impossible that every one should not be the proprietor of his individuality and of his faculties.”[[10]](#footnote-10)

As Hoppe writes:

The answer to the question what makes my body “mine” lies in the obvious fact that this is not merely an assertion but that, for everyone to see, this *is* indeed the case. Why do we say, “This is my body”? For this, a twofold requirement exists. On the one hand it must be the case that the body called “mine” must indeed (in an intersubjectively ascertainable way) express or “objectify” my will. Proof of this, as far as my body is concerned, is easy enough to demonstrate: When I announce that I will now lift my arm, turn my head, relax in my chair (or whatever else) and these announcements then become true (are fulfilled), then this shows that the body which does this has been indeed appropriated by my will. If, to the contrary, my announcements showed no systematic relation to my body’s actual behavior, then the proposition “this is my body” would have to be considered as an empty, objectively unfounded assertion; and likewise this proposition would be rejected as incorrect if following my announcement not my arm would rise but always that of Müller, Meier, or Schulze (in which case one would more likely be inclined to consider Müller’s, Meier’s, or Schulze’s body “mine”). On the other hand, apart from demonstrating that my will has been “objectified” in the body called “mine,” it must be demonstrated that my appropriation has *priority* as compared to the possible appropriation of the same body by another person.

As far as bodies are concerned, it is also easy to prove this. We demonstrate it by showing that it is under my *direct* control, while every other person can objectify (express) itself in my body only *indirectly*, i.e., by means of their own bodies, and direct control must obviously have logical-temporal priority (precedence) as compared to any indirect control. The latter simply follows from the fact that any indirect control of a good by a person presupposes the direct control of this person regarding his own body; thus, in order for a scarce good to become justifiably appropriated, the appropriation of one’s directly controlled “own” body must already be *presupposed* as justified. It thus follows: If the justice of an appropriation by means of direct control must be presupposed by any further-reaching indirect appropriation, and if only I have direct control of my body, then no one except me can ever justifiably own my body (or, put differently, then property in/of my body cannot be transferred onto another person), and every attempt of an indirect control of my body by another person must, unless I have explicitly agreed to it, be regarded as unjust(ified).[[11]](#footnote-11)

But let’s be clear what we do *not* mean by the term scarce in the sense that it applies to this discussion. Something can have zero price and still be scarce: a mud pie, soup with a fly in it, a computer that won’t boot. So long as no one wants these things, they are not economic goods. And yet, in their physical nature, they are scarce because if someone did want them, and they thus became goods, there could be contests over their possession and use. They would have to be allocated by either violence or market exchange based on property rights.

Nor does scarcity necessarily refer to whether a good is in shortage or surplus, nor to whether there are only a few or whether there are many. There can be a single “owner” of a nonscarce good (a poem I just thought of, which I can share with you without your taking it away from me) or a billion owners of scarce goods (paperclips, which, despite their ubiquity, are still an economic good).

Nor does scarcity necessarily refer to tangibility only, to the ability to physically manipulate the thing, or to the ability to perceive something with the senses; airspace and radio airwaves[[12]](#footnote-12) are intangible scarce goods and therefore potentially held as property and therefore priced, while fire is an example of a tangible good of potentially unlimited supply.

Instead, the term scarcity here refers to the possible existence of conflict over the possession of a finite thing. It means that a condition of contestable control exists for anything that cannot be simultaneously owned: my ownership and control excludes your control.

REPLICATION AND NONSCARCE GOODS

In contrast, there are nonscarce goods. A classic statement on them comes from Frank Fetter’s *Economic Principles*:

[S]ome things, even such as are indispensable to existence, may yet, because of their abundance, fail to be objects of desire and of choice. Such things are called *free goods*. They have no value in the sense in which the economist uses that term. Free goods are things which exist in superfluity; that is, in quantities sufficient not only to gratify but also to satisfy all the desires which may depend on them.[[13]](#footnote-13)

An example of a necessarily nonscarce good is a thing in demand that can be replicated without limit, so that I can have one, you can have one, and we can all have one. This is a condition under which there can be no contest over ownership. As Hoppe observes, under these conditions, there would be no need for property norms governing their ownership and use.

This nonscarce status might apply to many things but it always applies to nonfinite things, that is, goods that can be copied without limit, with no additional copy having displaced the previous copy and with no degradation in the quality of the copied good from the original good.

Jefferson himself made the lasting statement that clearly distinguishes the two types of goods:

If nature has made any one thing less susceptible than all others of exclusive property, it is the action of the thinking power called an idea, which an individual may exclusively possess as long as he keeps it to himself; but the moment it is divulged, it forces itself into the possession of every one, and the receiver cannot dispossess himself of it. Its peculiar character, too, is that no one possesses the less, because every other possesses the whole of it. He who receives an idea from me, receives instruction himself without lessening mine; as he who lights his taper at mine, receives light without darkening me. That ideas should freely spread from one to another over the globe, for the moral and mutual instruction of man, and improvement of his condition, seems to have been peculiarly and benevolently designed by nature, when she made them, like fire, expansible over all space, without lessening their density in any point, and like the air in which we breathe, move, and have our physical being, incapable of confinement or exclusive appropriation. Inventions then cannot, in nature, be a subject of property.[[14]](#footnote-14)

The idea is not just the spawn of Enlightenment thought. St. Augustine also took note of the peculiar goods quality of words.

The words I am uttering penetrate your senses, so that every hearer holds them, yet withholds them from no other. … I have no worry that, by giving all to one, the others are deprived. I hope, instead, that everyone will consume everything; so that, denying no other ear or mind, you take all to yourselves, yet leave all to all others. But for individual failures of memory, everyone who came to hear what I say can take it all off, each on one’s separate way.[[15]](#footnote-15)

Imagine if Jefferson’s and Augustine’s descriptions of ideas applied to finite things. Let’s say that someone owns a magic bagel. He could give a friend a bagel and another would magically appear in its place, allowing him to keep his bagel at the same time. The very act of giving it away would create an exact copy of it. A neighbor could do the same. Potentially, everyone in the world could have an identical bagel—all equally delicious.

This magic bagel would then constitute what has been traditionally called a free good or what we are now calling a nonscarce good—something that can be possessed unto infinity and by an unlimited number of people without displacing or degrading the original. With free goods, or nonscarce goods, there is no conflict over ownership.

You could say that you have a property right in the magic bagel, but it would be meaningless because anyone could “take it” by the act of replicating it. It cannot be owned in the traditional sense. I could of course keep my magic bagel under wraps and never let anyone know about it. But that changes nothing about its magic properties. It remains a good that can be copied without limit. And my ability to keep the secret is a result of my property right in—my ability to control—the scarce resource of my body.

Under these conditions, the status of the bagel as a free good is due to its *replicability*. If it could not be so replicated, if its magic went away, it would become a scarce good. Once it became public, there would be a contest over ownership of that bagel (if I have it, you can’t have it).

So it is with all things: if there is a zero-sum contest over its possession, it is scarce; if there need not be rivalry over its ownership, and its capacity for copying and sharing is infinite, it is nonscarce.

Does that sound fanciful? With regard to bagels, it is. But what if something like the magic-bagel example becomes real? Yesterday we could replicate information with photocopiers and print any number of perfect copies with a laser printer; and now we can copy and reproduce documents and files digitally. What if so-called 3D printers become widespread? These are devices that can fabricate various material objects by using a “recipe.” In principle one could see a bagel (or car) that he likes, find or create a blueprint or recipe for it, and have a copy printed using one’s own 3D printer, energy, and raw materials.

One can only imagine the IP police stopping people from using their 3D printers to make useful tools and goods based on the idea that doing so is somehow “stealing” the property of others that is still sitting in their homes.[[16]](#footnote-16)

In any case, for now the technology for 3D copying and printing is in its infancy. Not so for digitally encoded information. For example, consider a file on your hard drive. It can be packaged up and sent via email. The file does not disappear. A perfect copy of that file appears in someone else’s email. That person could similarly forward (a copy of) the file to another person. This can happen billions and trillions of times without compromising the integrity of the first file. In effect, this file is like the magic bagel, a nonscarce good. If the file is on a server, it can be accessed by billions of people, each of whom could similarly host the file until it multiplies without limit.[[17]](#footnote-17)

Consider the power of this nonscarce good. That file might contain a database with all the world’s financial transactions for last month. The record of those transactions would be nonscarce. The file could contain images of all the paintings in the National Gallery of Art. These images would be nonscarce. It could contain videos of all college lectures given in the United States last semester. Again, nonscarce.

All of this is possible and practicable. We experience this every day. We do this every day. All the files on the World Wide Web, unless they have been specially coded to be otherwise, constitute free goods.

It seems clear that we are moving into a world in which we have to account for the existence of massive and growing numbers of goods that are not scarce, in the sense that they are potentially replicable into infinity. These goods fall outside the strict confines needed for rationing. There need be no conflict and hence no need for traditional property rights for them.

GOODS, SCARCE AND NONSCARCE

One helpful way to understand this is to classify all goods as either finite and therefore normally scarce or nonfinite and therefore naturally nonscarce. This distinction appears from time to time in the history of thought.[[18]](#footnote-18) Property rights are essential for scarce goods. It is these scarce goods that serve as means for action, while nonscarce goods that can be copied without displacing the original are not *means* but *guides* for action.[[19]](#footnote-19) It would be ridiculous to speak of some kind of “social ownership” over scarce goods.[[20]](#footnote-20) Scarce goods can only be owned by one person at a time. Sure, you can share them, but that is just a means of allocating a scarce good that changes nothing about the intrinsic nature of the good. In the end, all attempts at socializing scarce resources lead to state ownership and the well-known chaos associated with it.

But let us return to the bagel, this time one without magic properties. What about the recipe and skills that made it? The recipe and skills can be copied by anyone. Anyone can watch and learn. The recipe can be shared unto infinity. Once the information in the recipe and the techniques of making it are released, they are free goods, nonscarce goods, or nonfinite goods.

What are some more examples of such naturally nonscarce goods? One person can share an idea and it can spread unto infinity, never reducing or degrading the quality of the original. Fire might be considered another example (as Thomas Jefferson said). A match can light a log without displacing the fire from the match. The times tables are another example: the grade-school teacher doesn’t “give up” this knowledge when drilling it into the students. An image of anything qualifies too. One person can look at another and memorize what he or she sees, without somehow taking or replacing the original. A tune is the same way. It can be shared and replicated without limit. I can sing a song, and you can sing the same song without taking the song from me.

These goods are all nonscarce and thereby require no economization, and no property rights, as no conflict is possible. Once they are released, they need not be priced. There is no “structure of production” attached to their reproduction or allocation (hence there is no “structure of production” for the dissemination of ideas).

To be sure, nonscarce goods *can* be economized and thereby commercialized by rationing the scarce means of their distribution. For example, a professor, whose time and body are scarce, is paid to share nonscarce ideas. This is a service, but once the professor’s ideas are shared, they enter into the realm of all nonscarce goods. What is paid for in fact is not the idea itself but the presentation, the time required to share, the labor services of teaching, all of which are scarce goods.[[21]](#footnote-21)

It is the same with a book or article. What is scarce is the medium through which the idea is expressed, which is why books, articles, and web access cost money. The ideas conveyed in them, however, are copyable without limit.

This is not an insight that applies to digital media alone. This is true regardless of the technology involved. Whether we are talking about a scribe working on velum in the 8th century or a writer working on a web-based document in the 21st century, the ideas conveyed in the words, and the image of the words themselves, are nonscarce goods, while the medium through which they are conveyed is scarce. The range and importance of nonscarce goods has been vastly expanded by the existence of digital media.

As to whether a good is naturally scarce or nonscarce, the test here is simple. If the good can be taken (shared) without displacing the original, it is always nonscarce. If taking the original means that it can no longer exist in the possession of the original owner or possessor, it is a scarce good. All goods fall into one or the other category. All nongoods (unwanted things, necessarily a contingent category)[[22]](#footnote-22) can of course be similarly classified. See Table 1, below.[[23]](#footnote-23)

At the same time, it is also true that most things are bundles of scarce and nonscarce goods. A book is a nonscarce text conveying nonscarce ideas on scarce paper and taking up scarce space on a shelf. A key that unlocks a door is made of scarce metal, but its functioning is due to the nonscarce shape of the cut of the key, a shape that is infinitely copyable. A concert by Lady Gaga is a scarce human body backed by scarce instruments and microphones producing music and sound, which immediately become nonscarce in the performing and hearing. Tying a shoe employs scarce laces with scarce hands guided by replicable (nonscarce) skills and techniques.

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| --- | --- | --- |
|  | **Scarce** | **Nonscarce** |
| **Good** | Bagel, Factory, Shoes, People, Desk | Recipe, Idea, Tune, Image, Skill, Fire |
| **Nongood** | Mud Pie, Poison Soup, Slug, Road Kill | Bad Idea, Awful Sound, Gibberish Text |
| Table 1: Scarce and Nonscarce Goods and Nongoods | | |

REPLICATION AND CIVILIZATION

Nonscarce goods do not need the assistance of prices to ration their availability. They are free gifts that can be shared the world over. How important are these goods? Given that they are inclusive of all information, art, know-how, and anything else that can be possessed and copied without displacement, they are hugely important. Without these gifts, the whole of learning, imitation, and world culture would come crashing down.[[24]](#footnote-24)

We are not truly human without being part of human civilization; and there can be no civilization and progress without the spread, dissemination, and accumulation of knowledge. To be human is to be part of a learning society, a communicating society, an information-sharing society. Society is emulation-based.

As it stands, the existence of the nonscarce good is the basis of all intellectual progress, the foundation of technological and artistic progress, and thereby a boon to civilization. It is also at the core of enterprise. Entrepreneurs succeed by imitating others who have succeeded. Their nonscarce experience and ideas are first copied and then improved, with the goal of profit. The example of success that entrepreneurs follow is itself a nonscarce good. Anyone with the means to do so is free to copy the successful idea and replicate it. The nonscarce good is the fuel of the competitive process.

In contrast, a scarce good cannot be shared without limit. It is necessarily owned and controlled by only one person at a time; even the attempt to share implies *displacement* (while I have it, you do not). To acquire it requires either homesteading unowned resources or stealing, transforming, or contractually acquiring (trading for) already-existing resources.[[25]](#footnote-25) Trading is what gives rise to rationing and allocating by the price system.

Again, it would be preposterous to speak of socialism in scarce goods, because it is physically impossible to imagine two simultaneous owners of the same scarce good.[[26]](#footnote-26) However, it is possible to speak of something like “socialism” for a good that is nonscarce by its nature, precisely because it can be infinitely copied.

The nonscarce good is private so long as it is never revealed; so long as it remains a secret. Once the secret is out, the good becomes part of the commons (or socially shared, if you will) because everyone who encounters it can use it. Technology has worked to create ever more goods that have become part of the nonscarce category, and this might be seen as a major feature of technological development for all time.

AUSTRIANS ON “FREE GOODS”

Austrians have always, if sometimes only implicitly, recognized the existence of the nonscarce good, which is precisely the good in question with regard to intellectual property. Menger’s 1871 book, *Principles of Economics*,[[27]](#footnote-27) begins with the definition of a good that excludes the concern over scarcity. Something is a good, in Menger’s view, when it is causally capable of satisfying a human need. This is a very broad definition.

Hoppe summarizes Menger’s four requirements for objects to become goods:

The first is the existence of a human need. The second requirement is such properties as render the thing capable of being brought into a causal connection with a satisfaction of this need. That is, this object must be capable, through our performing certain manipulations with it, to cause certain needs to be satisfied or at least relieved. The third condition is that there must be human knowledge about this connection, which explains, of course, why it is important for people to learn to distinguish between *goods* and *bads*. Thus, we have human knowledge about the object, our ability to control it, and the causal power of this object to lead to certain types of satisfactory results. And the fourth factor is, as I already indicated, that we must have command of the thing sufficient to direct it to the satisfaction of the need.[[28]](#footnote-28)

Thus, for Menger, for something to be a good, there must be human knowledge of this cause-and-effect connection, along with command over the thing so that the relationship between cause and effect can be realized. Among these goods he includes goodwill, family connections, friendship, love, religious and scientific fellowships—all of which fall into the class of things that can be replicated without displacement. Only later in the opening chapter, when discussing the issue of property, does Menger introduce the notion of scarcity and hence the need for economizing.

Seeing property as a subclass under the larger division of goods implies the existence of what Ludwig von Mises called a “free good”—something that is “available in superfluous abundance which man does not need to economize.”[[29]](#footnote-29) Mises says that though they are “not the object of any action,” they are useful and even essential for production.[[30]](#footnote-30) Giving the example of a recipe, he writes that these free goods, or nonscarce goods, render “unlimited services.” A free good “does not lose anything from its capacity to produce however often it is used; its productive power is inexhaustible; it is therefore not an economic good.”

But it is no less important than normal goods: “These designs—the recipes, the formulas, the ideologies—are the primary thing; they transform the original factors—both human and nonhuman—into means.”[[31]](#footnote-31) Ideas and information are nonscarce goods, but they serve as *guides to action* in the use of scarce means, to transform scarce things in the world to achieve the actor’s desired end. As Mises wrote, “Action is purposive conduct. It is not simply behavior, but behavior begot by judgments of value, aiming at a definite end and *guided by ideas concerning the suitability or unsuitability of definite means*.”[[32]](#footnote-32)

Murray Rothbard elaborated:

There is another unique type of factor of production that is indispensable in every stage of every production process. This is the “technological idea” of how to proceed from one stage to another and finally to arrive at the desired consumers’ good. This is but an application of the analysis above, namely, that for any action, there must be some *plan* or idea of the actor about how to use things as means, as definite pathways, to desired ends. Without such plans or ideas, there would be no action. These plans may be called *recipes*; they are ideas of recipes that the actor uses to arrive at his goal. A *recipe* must be present at each stage of each production process from which the actor proceeds to a later stage. The actor must have a recipe for transforming iron into steel, wheat into flour, bread and ham into sandwiches, etc.[[33]](#footnote-33)

As Rothbard (and Mises) recognize, once the idea comes about, it no longer has to be produced or economized. It is an “unlimited factor of production that never wears out or needs to be economized by human action.” This is precisely what a nonfinite, nonscarce good is: an unlimited factor of production.

Fetter also glimpses that ideas themselves are nonscarce goods:

The gain to the general welfare, however, can result only when the new inventions are actually embodied in machines. An invention is only an immaterial idea, and the machines in which inventions are incorporated are wealth which has a capital value. Further, a gain can result only when the usance of the machines is not so high as to absorb the larger part of the gain in efficiency. Not all labor-saving inventions call for more elaborate or more costly machines. Some are merely better methods, and require no more equipment—or even less. Some of them are simpler and less costly than the forms they displace. These (unless patented) are free goods, uplifting the efficiency of production “without money and without price.”[[34]](#footnote-34)

Although Fetter assumes the existence of patent rights and does not question their legitimacy, he recognizes that methods—which are merely recipes, a type of information—are nonscarce goods (he calls them “free goods”) that are freely available and increase efficiency and productivity—that is, unless they are patented, thus making them *artificially* scarce.

One of the longest and most searching essays on this topic is by Eugen von Böhm-Bawerk, in his article “Whether Legal Rights and Relationships are Economic Goods.”[[35]](#footnote-35) In this piece, Böhm-Bawerk points to several features of things that make them economic goods, among them physical possession and “the power of disposal and control.” The notion of scarcity as a precondition for calling something an “economic good” is presumed but never stated outright. However, Böhm-Bawerk added critical elements to the idea of the good, noting that personal services must also be included in this category. Whether such are truly goods is not inherent in the service itself but depends on the subjective response to that service, thus introducing to the idea of a good a subjective component.[[36]](#footnote-36) Here Böhm-Bawerk keenlyobserves the interplay between materially scarce and subjectively nonscarce goods:

Be it granted that the poet’s soul must have originated thought and emotion, and be it further granted that only in another soul and through intellectual powers can those thoughts and emotions be reproduced, but the path from soul to soul leads through the physical world for one stretch of the journey and on that stretch the intellectual element must make use of the physical vehicle, that is to say, of the forces or powers of nature. The book is that physical material vehicle.[[37]](#footnote-37)

As Joseph Salerno notes, “Böhm-Bawerk employed the example of the production and consumption of a poem to illustrate that the good is inextricably bound up with the want-satisfaction process that traverses and links the objective and subjective realms.”[[38]](#footnote-38)

SCARCE GOODS, NONSCARCE GOODS,   
PROGRESS, AND INTERVENTION

Why does all of this matter? It is interesting on the level of theory, but it is also critically important as a practical matter. Enterprise in our time is increasingly dependent on a clear understanding of the difference between scarce and nonscarce goods. In the current recession, for example, the bust hit scarce goods, and it is the scarce-goods sector that the government is attempting to stimulate.[[39]](#footnote-39) But the nonscarce sector, which is not subject to the structure of production, and therefore is resistant to business-cycle effects, continues to thrive and has been unaffected by the machinations of bad macroeconomic policy. (But it is affected by “intellectual property” regulation, which imposes artificial scarcity where there is none naturally present.)

Institutions such as Google and the Mises Institute have discovered the secret of giving away nonscarce goods (search services and digital books) and restricting commercial operations to allocating only scarce goods (teacher services, physical books, and advertising space on screens).[[40]](#footnote-40) This combination of giving away the nonscarce good and selling the scarce good has permitted both institutions to grow through service.

But this distinction is also exceedingly helpful for understanding economic theory. It clarifies the absolute necessity of property rights and free movement of prices for all scarce goods—exactly as classical economists have said. It also illustrates the need to completely de-control access to nonscarce goods and to permit the voluntary learning and sharing process to take its own course.[[41]](#footnote-41)

Nonscarce goods are a great gift, courtesy of the structure of reality, a boon to humankind, a vast treasure of resources—tools for making the world a relentlessly better place.[[42]](#footnote-42)

The failure to understand the distinction between scarce and intrinsically nonscarce goods might also help to explain the persistence of socialist ideology. For example, one possible explanation of the predictable socialist impulse of religious leaders, intellectuals, and artists is that their primary work consists in the production and distribution of nonscarce goods (salvation, ideas, and art) and that this accounts for the failure of the people in these professions to come to terms with the relentless reality of scarcity.

In summary, the world has given us two types of goods, one type that demands allocation through property and prices and one type that can be infinitely copied. In the production and distribution of scarce goods, there is no substitute for the commercial marketplace. And the notion that government should ever restrict replicable nonscarce goods or grant protection to a single monopolistic producer of nonscarce goods is contrary to freedom, material advancement, and social peace.

1. 1 See Kinsella, “Stop the ACTA (Anti-Counterfeiting Trade Agreement),” StephanKinsella (April 11, 2010). For other and more recent material on IP imperialism, see “Against Intellectual Property After Twenty Years: Looking Back and Looking Forward” (ch. 15), at n.19. [↑](#footnote-ref-1)
2. For some of these discussions, see the comment threads to the following Mises Economics Blog posts: Kinsella, “The Death Throes of Pro-IP Libertarianism” (July 28, 2010); “Kinsella: Ideas are Free: The Case Against Intellectual Property: or, How Libertarians Went Wrong” (Nov. 23, 2010); “The L. Neil Smith–FreeTalkLive Copyright Dispute” (June 14, 2010); “Replies to Neil Schulman and Neil Smith re IP” (July 19, 2010); “Leveraging IP” (Aug. 1, 2010); “The Creator-Endorsed Mark as an Alternative to Copyright” (July 15, 2010); “Locke, Smith, Marx and the Labor Theory of Value” (June 23, 2010). [↑](#footnote-ref-2)
3. Kinsella, Against Intellectual Property (Auburn, Ala.: Mises Institute, 2008), p. 29. See also the related discussions in “Against Intellectual Property After Twenty Years” (ch. 15), Parts II.C and II.D, and “What Libertarianism Is” (ch. 2), passim. [↑](#footnote-ref-3)
4. Hans-Hermann Hoppe, A Theory of Socialism and Capitalism: Economics, Politics, and Ethics (Auburn, Ala.: Mises Institute 2010 [1989]; www.hanshoppe.com/tsc), p. 158 n.120. [↑](#footnote-ref-4)
5. Ludwig von Mises, Human Action: A Treatise on Economics, Scholar’s ed. (Auburn, Ala.: Mises Institute, 1998; https://mises.org/library/human-action-0), chap. IV, § 1, p. 93, et pass. (discussing free goods and the general conditions of human welfare). [↑](#footnote-ref-5)
6. This is explicit in Rothbard. He writes:

   The means to satisfy man’s wants are called goods. These goods are all the objects of economizing action. Such goods may all be classified in either of two categories: (a) they are immediately and directly serviceable in the satisfaction of the actor’s wants, or (b) they may be transformable into directly serviceable goods only at some point in the future—i.e., are indirectly serviceable means. The former are called consumption goods or consumers’ goods or goods of the first order. The latter are called producers’ goods or factors of production or goods of higher order.

   Murray N. Rothbard, Man, Economy, and State, with Power and Market, Scholars ed., 2d ed. (Auburn, Ala.: Mises Institute, 2009; https://mises.org/library/man-economy-and-state-power-and-market), chap. 1, § 3 (citations omitted). This equivalence between means and goods is also implicit in Mises’s writings, as well. See, e.g., Mises, Human Action, chap. IV, § 1, p. 93:

   Economic goods which in themselves are fitted to satisfy human wants directly and whose serviceableness does not depend on the cooperation of other economic goods, are called consumers' goods or goods of the first order. Means which can satisfy wants only indirectly when complemented by cooperation of other goods are called producers’ goods or factors of production or goods of a remoter or higher order. [↑](#footnote-ref-6)
7. Hoppe, A Theory of Socialism and Capitalism, p. 18. Note here the focus on the possibility of conflict and its connection to the concept of scarcity and the need for property rights. Thus, as noted elsewhere in this volume, in recent years I (Kinsella) sometimes use terms like rivalrous or “conflictable,” instead of, or as an augment to, the concept of “scarce,” to avoid equivocation from IP socialists. See “Against Intellectual Property After Twenty Years” (ch. 15), n.29 et pass.; Kinsella, “On Conflictability and Conflictable Resources,” StephanKinsella.com (Jan. 31, 2022); “What Libertarianism Is” (ch. 2), n.5; “How We Come to Own Ourselves” (ch. 4), n.10. In this chapter I have retained our original use of the term “scarce” but it should be understood to mean “conflictable.” [↑](#footnote-ref-7)
8. Hoppe, A Theory of Socialism and Capitalism, p. 20–21. Thus:

   This “ownership” of one’s own body implies one’s right to invite (agree to) another person’s doing something with (to) one’s own body: my right to do with my body whatever I want, that is, includes the right to ask and let someone else use my body, love it, examine it, inject medicines or drugs into it, change its physical appearance and even beat, damage, or kill it, if that should be what I like and agree to. [p. 22] [↑](#footnote-ref-8)
9. See “What Libertarianism Is” (ch. 2), at n.9; “How We Come to Own Ourselves” (ch. 4), at n.2; “A Libertarian Theory of Punishment and Rights” (ch. 5), at n.60; “Dialogical Arguments for Libertarian Rights” (ch. 6), at n.6 et pass. [↑](#footnote-ref-9)
10. The Count Destutt Tracy, A Treatise on Political Economy, Thomas Jefferson, trans. (Auburn, Ala.: Mises Institute, 2009 [1817]; https://mises.org/library/treatise-political-economy-0), p. 125. For further elaboration on Hoppe’s views on body-ownership, see Kinsella, “How We Come to Own Ourselves” (ch. 4). [↑](#footnote-ref-10)
11. Quoted in “How We Come to Own Ourselves” (ch. 4), text at n.17. See also idem, Economy, Society, and History (Auburn, Ala.: Mises Institute, 2021; www.hanshoppe.com/esh), pp. 7–8 (discussing each human’s unique connection to his own body). See also Emanuele Martinelli, “On Whether We Own What We Think” (draft, 2019; https://perma.cc/LQ98-HSAB), p. 3: regarding Locke’s notion of self-ownership, “the basic intuition is that no one could metaphysically control another one’s body and mind.” See also John Locke, Second Treatise on Civil Government (1690; https://www.johnlocke.net/2022/07/two-treatises-of-government.html), chap. 5, “Of Property.” [↑](#footnote-ref-11)
12. See B.K. Marcus, “The Spectrum Should Be Private Property: The Economics, History, and Future of Wireless Technology,” Mises Daily (Oct. 29, 2004; https://perma.cc/9VMQ-5VE2); Kinsella, “Why Airwaves (Electromagnetic Spectra) Are (Arguably) Property,” Mises Economics Blog (Aug. 9, 2009). [↑](#footnote-ref-12)
13. Frank A. Fetter, Economics—Vol. 1: Economic Principles (NY: The Century Co., 1915; https://mises.org/library/economic-principles), chap. 3, §2. See also the Mises citation in note 5, above. [↑](#footnote-ref-13)
14. See “Thomas Jefferson to Isaac McPherson 13 Aug. 1813,” Founders Online (text formatted; https://founders.archives.gov/documents/Jefferson/03-06-02-0322). [↑](#footnote-ref-14)
15. Garry Wills, St. Augustine: A Life (Viking Penguin, 1999), p. 145. [↑](#footnote-ref-15)
16. See “Against Intellectual Property After Twenty Years” (ch. 15), at n.27, for further discussion of this issue. [↑](#footnote-ref-16)
17. For further discussion of why it is impossible to own information (or things like Bitcoin) precisely because it is replicable and always has to be stored on an underlying, already-owned medium, see “A Libertarian Theory of Contract: Title Transfer, Binding Promises, and Inalienability” (ch. 9), at n.31; “Selling Does Not Imply Ownership, and Vice-Versa: A Dissection” (ch. 11), at notes 3 and 5; “Against Intellectual Property After Twenty Years” (ch. 15), at n.69; and “Conversation with Schulman about Logorights and Media-Carried Property” (ch. 17). [↑](#footnote-ref-17)
18. An example is Armen Alchian and William Allen, who write: “A good is anything desired by at least one person. Goods may be either free goods or economic (that is, scarce) goods.” Armen Alchian & William R. Allen, Exchange and Production: Competition, Coordination, & Control, 3d ed. (Belmont, California: Wadsworth, 1983), p. 14. See also the Mises reference in note 5, above. [↑](#footnote-ref-18)
19. For further discussion of why property rights apply to scarce resources or means of action but not to the knowledge that guides action, see “Against Intellectual Property After Twenty Years” (ch. 15), Part IV.E, at notes 58–59 et pass.; “Law and Intellectual Property in a Stateless Society” (ch. 14), Part III.D. See also the Mises and Rothbard quotes at notes 32 and 33, below. [↑](#footnote-ref-19)
20. On Rothbard’s critique of the “communist” approach to property rights assignment, see “How We Come to Own Ourselves” (ch. 4), at n.14 and “Law and Intellectual Property in a Stateless Society” (ch. 14), at n.27; also “Defending Argumentation Ethics” (ch. 7), n.31. [↑](#footnote-ref-20)
21. Technically speaking, a service is a type of labor, which is just a type of action; and actions and services are not ownable things. For discussion of the proper classification of contracts for the “sale” of labor services, see “A Libertarian Theory of Contract” (ch. 9), Part II.C; also “Selling Does Not Imply Ownership, and Vice-Versa: A Dissection” (ch. 11). [↑](#footnote-ref-21)
22. As Hoppe writes:

    … man learns that some of the [scarce] means, some of the things that he can control, that he can move, that he can manipulate, can be referred to as “goods” and others can be referred to as “bads.” Goods would obviously be those means that are suitable in order to satisfy some needs that we have, and bads would be objects that we can control, but that would have negative repercussions on us, that would not satisfy any needs but, to the contrary, may harm us or even kill us.

    Hoppe, “Lecture 1: The Nature of Man and the Human Condition: Language, Property, and Production,” in Economy, Society, and History (Auburn, Ala.: Mises Institute, 2021; www.hanshoppe.com/esh), p. 9. See also ibid., p. 143; idem, The Great Fiction: Property, Economy, Society, and the Politics of Decline (Second Expanded Edition, Mises Institute, 2021; www.hanshoppe.com/tgf), pp. x, 107, 191; idem, The Economics and Ethics of Private Property, p. 309 (mentioning “bads”). [↑](#footnote-ref-22)
23. The matrix in Table 1 is presented as a tool for mental experiment only—if anything is a nongood (necessarily a subjective idea), it is also by definition nonscarce, since all (nonexistent) demand for it is satisfied. Nonetheless, the typology illustrated in the matrix helps in categorizing the attributes of goods discussed in this article. [↑](#footnote-ref-23)
24. See the citations to Hayek’s comments about how the accumulation of a “fund of experience” helps aid human progress and the creation of wealth in “Against Intellectual Property After Twenty Years” (ch. 15), at n.59 [↑](#footnote-ref-24)
25. As Hoppe has explained, “One can acquire and increase wealth either through homesteading, production and contractual exchange, or by expropriating and exploiting homesteaders, producers, or contractual exchangers. There are no other ways.” Hans-Hermann Hoppe, “Banking, Nation States, and International Politics: A Sociological Reconstruction of the Present Economic Order,” in The Economics and Ethics of Private Property: Studies in Political Economy and Philosophy (Auburn, Ala.: Mises Institute 2006 [1993]; www.hanshoppe.com/eepp), p. 50. See also related discussion in “Law and Intellectual Property in a Stateless Society” (ch. 14), text at n.82. But production presupposes the producer already owns the property that he transforms into something more desirable or useful. The only ways to acquire a particular scarce resource is to either homestead it, acquire it contractually, or steal it. (One may also transform already-owned property into the desired configuration.) [↑](#footnote-ref-25)
26. As Hoppe observes, “Two individuals cannot be the exclusive owner of one and the same thing at the same time.” Hoppe, “How is Fiat Money Possible?,” in The Economics and Ethics of Private Property, p. 197. See also Hans-Hermann Hoppe, Jörg Guido Hülsmann & Walter Block, “Against Fiduciary Media,” in Hoppe, The Economics and Ethics of Private Property, p. 210 n.8:

    Even partners cannot simultaneously own the same thing. A and B can each own half of a household, or half the shares in it, but they each own a different 50 percent. It is as logically impossible for them to own the same half as for two people to occupy the same space. Yes, A and B can both be in New York City at the same time, but only in different parts of it.

    See also note 20, above. [↑](#footnote-ref-26)
27. Carl Menger, Principles of Economics (Auburn, Ala.: Mises Institute 2007 [1871]; https://mises.org/library/principles-economics). [↑](#footnote-ref-27)
28. Hoppe, Economy, Society, and History, p. 9; see also Menger, Principles of Economics, chap. I, §1, p. 52 et pass. The second requirement corresponds to the means being causally efficacious; the third to the actor’s knowledge of causal laws; and the fourth to the availability of the means. See also related discussion in “Against Intellectual Property After Twenty Years” (ch. 15), n.58, and in Eugen von Böhm-Bawerk, “Whether Legal Rights and Relationships Are Economic Goods,” George D. Huncke, trans., in Eugen von Böhm-Bawerk, Shorter Classics of Eugen von Böhm-Bawerk (South Holland, Ill.: Libertarian Press, 1962 [1881]), p. 57 et pass., discussed in Gael J. Campan, “Does Justice Qualify as an Economic Good?: A Böhm-Bawerkian Perspective,” Q. J. Austrian Econ. 2, no. 1 (Spring 1999; https://perma.cc/G3CK-B8WB): 21–33, p. 24. [↑](#footnote-ref-28)
29. Mises, Human Action, p. 93 [↑](#footnote-ref-29)
30. Ibid., p. 93; see also p. 128, re formulas and recipes. [↑](#footnote-ref-30)
31. Ibid., p. 142. [↑](#footnote-ref-31)
32. Ludwig von Mises, The Ultimate Foundation of Economic Science: An Essay on Method Princeton, N.J.: D. Van Nostrand Company, Inc., 1962; https://mises.org/library/ultimate-foundation-economic-science), p. 34 (emphasis added). See also Guido Hülsmann, “Knowledge, Judgment, and the Use of Property,” Rev. Austrian Econ. 10, no. 1 (1997; https://perma.cc/DKQ8-JX45): 23–48, p. 44 (emphasis added):

    The quantities of means we can dispose of—our property—are always limited. Thus, choice implies that some of our ends must remain unfulfilled. We steadily run the danger of pursuing ends that are less important than the ends that could have been pursued. We have to choose the supposedly most important action, though what we choose is how we use our property. Action means to employ our property in the pursuit of what appears to be the most important ends.… In choosing the most important action we implicitly select some parts of our technological knowledge for application.

    On this issue, see also “Law and Intellectual Property in a Stateless Society” (ch. 14), Part III.D, and “Against Intellectual Property After Twenty Years” (ch. 15), Part IV.E. [↑](#footnote-ref-32)
33. Rothbard, Man, Economy, and State, with Power and Market, p. 11. [↑](#footnote-ref-33)
34. Fetter, Economic Principles, 465. [↑](#footnote-ref-34)
35. Böhm-Bawerk, “Whether Legal Rights and Relationships Are Economic Goods,” discussed in Campan, “Does Justice Qualify as an Economic Good?: A Böhm-Bawerkian Perspective.” [↑](#footnote-ref-35)
36. See also Hoppe, “Fallacies of the Public Goods Theory and the Production of Security,” in The Economics and Ethics of Private Property, pp. 8–9:

    … looking into the distinction between private and public goods more thoroughly, we discover that the distinction turns out to be completely illusory. A clear-cut dichotomy between private and public goods does not exist, and this is essentially why there can be so many disagreements on how to classify a given good. All goods are more or less private or public and can—and constantly do—change with respect to their degree of privateness/publicness as people’s values and evaluations change, and as changes occur in the composition of the population. In order to recognize that they never fall, once and for all, into either one or the other category, one must only recall what makes something a good. For something to be a good it must be recognized and treated as scarce by someone. Something is not a good as such, that is to say; goods are goods only in the eyes of the beholder. Nothing is a good unless at least one person subjectively evaluates it as such. [↑](#footnote-ref-36)
37. Böhm-Bawerk, “Whether Legal Rights and Relationships Are Economic Goods,” p. 91. [↑](#footnote-ref-37)
38. Joseph T. Salerno, “Böhm-Bawerk’s Vision of the Capitalist Economic Process: Intellectual Influences and Conceptual Foundations,” New Perspectives on Political Economy 4, no. 2 (2008; https://perma.cc/7XV4-2KQA): 87–112, p. 101. [↑](#footnote-ref-38)
39. This was written in 2010, in the aftermath of the Great Recession from 2007–2009. [↑](#footnote-ref-39)
40. See Doug French, “The Intellectual Revolution Is in Process,” Mises Daily (Dec. 12, 2009; https://mises.org/library/intellectual-revolution-process); Jeffrey A. Tucker, “A Theory of Open,” Mises Economics Blog (Jan. 7, 2010; https://mises.org/wire/theory-open); and Gary North, “A Free Week-Long Economics Seminar,” LewRockwell.com (July 24, 2010; www.lewrockwell.com/2010/07/gary-north/mises-u/). [↑](#footnote-ref-40)
41. The distinction between scarce and nonscarce goods is crucial. A signal example of the importance of making careful distinctions in fundamental economic concepts is Menger’s clarification of price and value theory, which has profound implications with respect to other aspects of economics. [↑](#footnote-ref-41)
42. For elaboration, see the last three paragraphs of Kinsella, “The Death Throes of Pro-IP Libertarianism”; see also note 24, above. [↑](#footnote-ref-42)