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Entrepreneurship: toward the Nirvana state of rest

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Abstract: In this paper, we reconsider the various states of rest within Austrian market process theory. While this theory certainly embodies a superior representation of market processes to the neoclassical general equilibrium theory, it falls short of producing a holistic theory of human action. The analysis left out those human actions that produce changes to the so-called 'final state of rest,' which have so far been taken as exogenous to the market process. These exogenous shocks include knowledge generation and preference shifting. However, I argue that these can and ought to be understood as market phenomena, and so belong within the scope of praxeological analysis. To capture these types of human action, I propose that a new and truly 'final' state of rest be introduced, which we term the 'nirvana state of rest.' This new state represents a 'true' final state, in which human action ceases because all needs, and thus all motivation to act, are completely and perpetually assuaged. Introducing this state into the analysis, we can break free from myopic analyses of mere present states of knowledge and values to observe and explain general tendencies in market processes, prices, and entrepreneurship. I also show how quarrels within Austrian circles might be resolved through this expanded, macroscopic lens.

Keywords: Equilibrium, states of rest, market process, entrepreneurship, price theory.

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Empreendedorismo em direção ao estado de repouso Nirvana

Resumo: Nesse artigo, reconsideramos os diversos estados de repouso dentro da teoria austríaca do processo de mercado. Embora seja superior à teoria neoclássica do equilíbrio geral na representação dos processos de mercado, falha na produção de uma teoria holística da ação humana. A análise desconsidera as ações humanas que produzem mudanças no chamado "estado final de repouso", que, até agora, têm sido consideradas exógenas ao processo de mercado. Dentre esses choques exógenos estão, por exemplo, a produção de conhecimento e a mudança nas preferências. Argumentamos no artigo que podem e devem ser entendidos como fenômenos de mercado, pertencendo ao escopo da análise praxiológica. Para capturar esses tipos de ação humana, propomos a introdução de um novo e, de fato, final "estado de repouso", que chamo de "estado de repouso nirvana". Esse novo estado de repouso representa o estado final "verdadeiro", em que a ação humana cessa porque todas as necessidades, e, portanto, toda motivação a agir, foram totalmente dissipadas. Introduzindo esse novo estado na análise, nos libertarmos das análises míopes dos estados presentes de conhecimento e valores, e explicar as tendências gerais dos processos de mercado, preços e empreendedorismo. Mostramos também como disputas internas na EA podem ser avaliadas e resolvidas por meio dessa nova visão.

Palavras-chaves: Equilíbrio, Estado de Repouso, Processo de Mercado, Empreendedorismo, Teoria dos Preços.

Emprendimiento hacia el estado de reposo del Nirvana

Resumen: En este artículo, reconsideramoso los diversos estados de reposo dentro de la teoría del proceso de mercado austríaco. Si bien esta teoría ciertamente describe una representación superior de los procesos de mercado con respecto a la teoría neoclásica del equilibrio general, no llega a producir una teoría holística de la acción humana. Quedan fuera del análisis aquellas acciones humanas que producen cambios en el llamado "estado final de reposo", que hasta ahora se ha considerado exógeno al proceso del mercado. Estos shocks exógenos incluyen la generación de conocimiento y el cambio de preferencias. Sin embargo, sostenemos que estos pueden y deben entenderse como fenómenos de mercado, y por lo tanto pertenecen al alcance del análisis praxeológico. Para capturar este tipo de acción humana, propongo que se introduzca un estado de reposo nuevo y verdaderamente "final", que denomino el "estado de reposo nirvana". Este nuevo estado representa un estado final "verdadero" en el que la acción humana cesa porque todas las necesidades y, por lo tanto, toda motivación para actuar, están completamente y perpetuamente mitigadas. Al introducir este estado en el análisis, podemos liberarnos de los análisis miopes de los meros estados actuales de conocimiento y valores para observar y explicar las tendencias generales en los procesos de mercado, los precios y el espíritu empresarial. También muestro cómo las disputas dentro de los círculos austriacos podrían resolverse a través de esta lente macroscópica expandida.

Palavras-clave: Equilibrio, Estados de Reposo, Proceso de Mercado, Emprendimiento, Teoría de Precios.

Introduction

In the 1690s, British engineer Thomas Savery dedicated years to improving the arduous process of pumping water out of coal mines, done by horses at the time. Adapting new insights from the physics community, he developed the first rudimentary steam engine, which was vastly improved shortly thereafter into the piston-pumping concept we know today by Thomas Newcomen. In 1879, Thomas Edison and his team pushed through an arduous trial-and-error process toward creating a practically useful low-voltage incandescent light, finally succeeding in finding a lasting filament—a carbon-coated cotton thread. In that same year, Louis Pasteur injected chickens with a month-old and weakened cholera culture, immunizing those chickens from the disease.

Each of these discoveries radically altered the landscape of the global economy. Yet, in each case, the discoveries themselves would fall outside the overly constrictive boundaries of the prevailing Austrian market process theory and the role of the entrepreneur. These inventions were overtly non-entrepreneurial, according to prevailing market theory, **except and until they were commercialized.** This leaves the process of their discovery, the process of creating new knowledge, **outside** the theorized market process. Similarly, consumers regularly shift their preferences as they seek and discover what their true needs are, and what better satisfies them. Yet, this preference shifting is also generally understood to be an exogenous shock — something the market process responds to, and not something inherent to that process.

But why should one seek out new knowledge altogether if not in pursuit of a higher economic state of well-being? Or why should consumers shift their preferences except in search of superior satisfactions? Knowledge discovery and preference shifting, then, are praxeologically **endogenous** phenomena and must be explained **within** the Austrian market process theory. They should not be taken as exogenous (unexplained) factors. Herein I attempt to internalize these market phenomena by introducing a new state of rest beyond what has traditionally been called the 'final state of rest'; I call it the 'nirvana state of rest'. I then discuss the implications of this small, but consequential, amendment, which include the expansion of entrepreneurship theory and also, perhaps, the resolution of longstanding disagreements within the Austrian School.

1. Background

At a time when economists were intent on developing a mathematical framework to explain the economy, the Austrian School strictly rejected such pursuits as both logically impossible and theoretically treacherous. Were economists to succeed in producing such a framework, the results would be necessarily imprecise and misleading. After the breakthrough success of Ken Arrow, Gerald Debreu, and others in coming to a statistically workable general equilibrium model, these Austrian warnings proved prescient in predicting economists' overemphasis of imprecise and misleading mathematical estimations of extremely complex and irreducible phenomena (HAYEK, 1989). Economists have finally begun to admit the problem with the exposure of rampant reproducibility failures within the social sciences (OPEN SCIENCE COLLABORATION, 2015).

In their model, the typical economist uses a static equilibrium concept to describe the determination of market prices. For Austrians, the traditional Walrasian equilibrium is unsatisfactory, lacking any commitment to demand heterogeneity or an explanatory mechanism for growth and change. Instead, three distinct equilibrium constructs have so far emerged in Austrian writings intended to better depict actual market processes in determining real-time prices and explaining endogenous change (KLEIN, 2008). These constructs are, in following Mises' (1998) and Salerno's (1994) terminology, **the plain state of rest, the fully arbitraged or "Wicksteedian" state of rest, and the final state of rest.** A fourth equilibrium concept, the **evenly rotating economy,** was also introduced as an intentionally artificial foil from which analysis might be made. A notable lack of attention to clearly define and delineate these concepts in their seminal introductions, however, prompted some confusion in economists' interpretations (COWEN; FINK, 1985) and their further explanation and refinement by later Austrian scholars (ROTHBARD, 2009; SALERNO, 1994).

However, current conceptions of these three Austrian equilibrium constructs are incomplete and unsatisfactory in fully explicating endogenous market change and entrepreneurship. They are narrowly focused on the determination of immediate, real-time prices or present values at the omission of long-term tendencies. That is, they are suited to explain market change given the **current state of knowledge and preferences,** but they leave the pursuit of additional knowledge and preference generation/discovery as occurrences exogenous to the market process.

Certainly, Austrian theorists have recognized the function of entrepreneurship as a knowledge-discovering phenomenon (HAYEK, 2002; KIRZNER, 1997). However, as Hayek (2002), Rothbard (2009), and Kirzner (1999) make clear, the knowledge discovered within such processes include only the knowledge that is **currently** available within the market, albeit perhaps to only a few at one time, leaving outside the scope of Austrian market process all *new* knowledge generation not presently known by someone or, at least (if we are to interpret them loosely), knowable to someone (given the present state of technology). This means that the discovery processes of Savery and Newcomen, Edison, and Pasteur are not entrepreneurial or even praxeological. Surely this cannot be so, for clearly such efforts fall within Mises' definition of praxeology as **intentional human action.** Perhaps more importantly, it constrains the theory of entrepreneurship to a subset of all market changes, leaving one of the most critical—the creation of new knowledge — outside its purview. If we are to fully understand the role of entrepreneurship within the market process, we must extend our present knowledge-constrained concepts of the state of rest, and incorporate a knowledge-unconstrained state of rest as its ultimate end goal.

2. The states of rest

2.1 The Final State of Rest

Currently, the market process theories of the Austrian branch of economics lies on three key states of rest. It begins its analysis with the **final state of rest** (FSR), which is understood as the state toward which all economic action tends. In essence, the market is 'pulled' ever towards this FSR, pursuing higher and more efficient satisfaction of human wants.

> [t]he only method of dealing with the problem of action is to conceive that action ultimately aims at bringing about a state of affairs in which there is **no longer any action,** whether because **all uneasiness has been removed or because any further removal of felt uneasiness is out of the question.** Action thus tends toward a state of rest, absence of action. (MISES, 1998, p. 245 [emphasis added])

Here, Mises asserts that the FSR is a state of endless **inaction** — a true and endless state of rest—which would come by according to one of two conditions: (1) all needs have been perfectly and perpetually satisfied, or (2) better satisfying any remaining dissatisfaction is "out of the question". That is, the FSR is an imaginary optimum, where no more action is desirable because all possible gains are already attained. Toward this FSR, the market works through production and exchange.

Except for an early footnote by Kirzner (1963, p. 258), Austrian scholars have generally adopted an FSR concept premised on the **second** condition described by Mises, by which "out of the question" has been understood to pertain to the **present** state of knowledge. Contrasting against the prevailing Robbinsian **perfect knowledge** paradigm, they rightly point out that knowledge is imperfectly dispersed throughout a society. Entrepreneurship and competition are, thus, 'discovery' processes by which knowledge is dispersed over time to others who could use it more optimally. The FSR is reached, then, only after long-term market processes by which existing knowledge — of resources and their affordances, preferences, and so forth — is optimized.

However, the FSR is also understood to **never** arrive because the present state of knowledge **changes**, evolving with new learning and discoveries.

> In actual life, however, the data are always changing, and therefore, before arriving at a final equilibrium point, the economy must shift direction, towards some other final equilibrium position. Hence, the final equilibrium position is always changing, and consequently no one such position is ever reached in practice. (ROTHBARD, 2009, p. 322)

Thus, the FSR toward which all market action is 'pulled' is constantly changing, as preferences, knowledge, technology, and expectations shift over time.

2.2 The Plain State of Rest

Because markets are inherently inefficient (in contrast to the Walrasian equilibrium concept), there are two other states of rest to which markets attain in their progressive movement toward the FSR. The first, the **plain state of rest** (PSR), is modernly equated with Menger's "points of rest" and Böhm-Bawerk's "momentary equilibria" (KLEIN, 2008), a temporary pause in market transactions that "comes to pass again and again" once voluntary transactions at momentary prices are completed (MANISH, 2014; MISES, 1998, p. 245).

The pause in transacting at the PSR endures only until something changes, whether it be consumers' needs, their preferences and/or willingness-to-pay, or suppliers' expectations and, with them, their prices. It occurs "again and again" for various reasons. For example, needs satisfactions are rarely permanent, and new or recurring needs arise, producing additional uneasiness that demands new satisfaction. Preferences and economic intentions are also temporally contingent; the shopper's sudden decision to purchase a particular product swiftly

casts the state of affairs into temporary disequilibrium until that decision is reconciled with the sale being made, whereupon a new PSR is reached. Also, because actual prices are derived from imperfect knowledge, errors can be discovered and market participants are prone to adjust their valuations over time, which facilitates a new PSR and market shift. Finally, changes in supply availability (such as the arrival of a new shipment) can engender new actionable demand, which would require a shift to a new PSR.

Within the PSR, all desirable exchanges given the current market conditions have already been made. Any unmade transaction has not yet occurred because one or the other party is not yet 'ready.' This ready state involves certain transaction costs such as time and effort. For example, a consumer may find himself in great need of an item, and indeed is willing to purchase it at the current market price, but must make the time and effort to get to the market to purchase it. At what point she is 'ready' to make the exchange is of some question. For example, because online shopping has successfully mitigated many of these transaction costs, she could immediately be 'ready' to make the purchase with just a few keystrokes and a few button clicks on her computer whereas, if she had to drive to a store, she might not be 'ready' until she had the time to make the trip.

In short, the PSR is understood to be a regularly reached temporary state where all traders have made all transactions that they deem worthy, for the time being. Whereas the FSR is an imagined optimal state that would attain through market transactions only if all external factors remained constant, the PSR is, in contrast, real, attaining market clearance at a particular price, but with error.

2.3 The Wicksteedian State of Rest

Finally, Salerno (1994) adds a third state of rest, the **fully arbitraged or Wicksteedian state of rest** (WSR), between the PSR and FSR. This state is achieved when preferences, supplies, and available parties to trade remain constant over some period of time. It is the fully arbitraged WSR that occurs in real markets and thereby facilitates real, stable prices. While the PSR is a short-term position that can, transaction to transaction, alter prices based on various criteria, and the FSR is an imaginary state where such criteria have been rendered irrelevant, the WSR is that state were these criteria become stable, and an 'equilibrating price' can be achieved (SALERNO, 1994; WICKSTEED, 1910). In other words, while the WSR does not reach the errorless FSR, it is a state close enough to it (with sufficiently small error) that entrepreneurial correction is no longer adequately motivated - or there is insufficient alertness to any other opportunities - to produce any new shifts to the PSR, given the economic state of affairs, thereby reaching a stability akin to an evenly rotating economy (described next). This state is, perhaps, most similar to neoclassical definitions of general equilibrium, a state "where no economic agents have an incentive to change their behavior" (STIGLITZ, 1987, p. 28).

2.4 The Evenly Rotating Economy

The **evenly rotating economy** (ERE) is, like the FSR, an imaginary construct.

> The evenly rotating economy is a fictitious system in which the market prices of all goods and services coincide with the final prices. There are no price changes whatsoever in its frame; there is perfect price stability. The same market transactions are repeated again and again. The goods

> of the higher orders pass in the same quantities through the same stages of processing until ultimately the produced consumers' goods come into the hands of the customers and are consumed. No changes in the market data occur. Today does not differ from yesterday and tomorrow will not differ from today. The system is in perpetual flux, but it remains always at the same spot. It revolves evenly round a fixed center, it rotates evenly. The plain state of rest is disarranged again and again, but it is instantly reestablished at the previous level. All factors, including those bringing about the recurring disarrangement of the plain state of rest, are constant. Therefore prices—commonly called static or equilibrium prices-remain constant too. (MISES, 1998, p. 248)

In short, the ERE is a hypothetical scenario where the market exists in stasis such that, although markets still congregate (there is still human action), such action is merely routine, "repeated again and again", and no **new** action is pursued. "The main function of the ERE is to show that, in the absence of uncertainty, factor prices would be bid up to their full discounted marginal revenue products, eliminating entrepreneurial profit and loss" (KLEIN, 2008, p. 174). While the ERE is useful in theoretical analysis, it does little to illustrate the real market dynamics that we are presently interested in and so I devote little attention to it here.

In summary, the present state of Austrian scholarship puts emphasis on the dynamic nature of the FSR. It would be attainable **if it didn't move**, but it does. It is moved by exogenous factors such as changing preferences, scientific discovery, and so forth. The PSR is a temporary, intermediate state of rest in the market's endless movement **towards** this ever-shifting FSR. The WSR is a sustained equilibrium with error, where the error is sufficiently small or unnoticeable that it does not inspire further entrepreneurial corrections to the market until the FSR moves.

3. A 'definite' final state of rest

Although Mises (1998, p. 246) himself describes the FSR as a dynamic state, as "[n]ew disturbing factors will emerge before it will be realized", he then adds that the importance of this FSR construct is as "a **definite** final state of rest" (emphasis added) towards which the market is always striving. Keep in mind that this is a state of inaction, attained in one of two conditions: where all needs are perfectly satisfied, or where it is impossible to better satisfy any needs. Traditionally, Austrian scholars have focused their attention on the second condition, where no further economic activity is warranted because all needs are optimally met given present conditions of knowledge and scarcity. The resulting conception of the FSR suggests that it is merely a **temporary** state, its position contingent on and altered by exogenous changes to market criteria.

The issue with this conception is one of terminology and, as a result, completeness. This is not a **final** state at all. If it keeps moving, where is it going and why? Austrians have not fully ignored this question. They attribute such movement to "changes in tastes, technology, expectations, resource availability, and other exogenous variables" (KLEIN, 2008, p. 173). But why are such variables assumed to be exogenous? Are such market phenomena truly outside the consideration of praxeology?

Let us consider a hypothetical case in which the modernly conceived dynamic FSR is actually attained. The state of the market has remained constant for such an extended period of time that optimum prices, resource allocations, and satisfactions of uneasiness have been achieved. Is there, at this point, no longer any human action, which is the criterion put forth

for the FSR? Clearly, the answer is no. Production still occurs, transactions still take place, and markets still congregate. The market remains in full operation as humans continue to act. This is not a state of inaction but rather the ERE, a moving system (there is human action) but without any forward progression, all possible progress having been already attained. Thus, we reject this state as the true final state of rest, as depicted by Mises.

But if all of human action were merely that which is mundane, routine, and largely unreasoned, it might be acceptable to describe such as a final state. Is there no additional action in this state beyond the mundane and reactionary? No **new transactions** are warranted, but exchange is only a subset of economic action. Even if we are to ignore those actions that become routine, are we really to believe that such a market state provokes no additional action? Would not consumers who, acknowledging their presently optimal, although yet imperfect, conditions given the state of knowledge, still seek to innovate **new** ways to organize resources more optimally, or to improve their understanding of their needs in an effort to improve satisfactions? Would not such learning behavior qualify as **intentional human action**?

In other words, the present conception of the FSR treats innovation, scientific discovery, preference shifting, and so forth, as **exogenously** caused. Even Lachmann (1976, p. 55-6), who viewed markets as often tending toward disequilibrium, saw such disequilibration processes as exogenous to the market processs — "[n]ew knowledge may originate 'exogenously,' by technical progress, or discovery of new resources or markets by alert minds"—while also acknowledging that other knowledge, more specifically relating to market prices, "is generated 'endogenously,' within the market, every day by equally alert minds observing and exploiting profitable changes in the pattern of relative prices".

But relevant knowledge discovery — of resources and their technological affordances, or of personal needs and their satisfaction — does not occur by chance (except, perhaps, in rare circumstances). It is **sought**. Scientific knowledge and resource discovery are economically intentional because such knowledge can facilitate a higher state of well-being. Similarly, consumers intentionally seek to learn their innate needs in an effort to know what to want in order to better satisfy those needs (WITT, 2001).

Of course, the discovery of some previously unknown resource deposit or some previously unrecognized resource affordance may occur by happenstance. But even such discoveries are innately intentional as they arise only **because** actors are at all times pursuing a higher value state and are, thus, 'alert' to such discoveries (KIRZNER, 1973). If you stumbled across a pile of some material, this occasion would have no meaning or effect unless you recognized that material to be potentially valuable to you. Absent intentionality, there could be no such recognition. Similarly, it is undoubtedly true that consumer needs shift naturally (as a result of aging), uncaused by market forces, but the effects of these changes on wants and preferences depends on actors' recognition of those changes, and their intentional efforts to better learn what best satisfies those changing needs. In other words, there are, of course, natural changes that occur in time — but these have no direct effect on the market process, except and until intentionally recognized, learned, and applied.

In short, all relevant market changes—changes in technological knowledge, discovery of new resources, and consumer preferences - are economically intentional, and fall within the scope of praxeological analysis. These changes are not 'exogenous' to the market process. They are endogenous, caused by and through intentional human action, and must be internalized if we are to fully capture the entrepreneurial process.

Why do inventors invent? What drives them to spend years investigating and developing new technologies? Even if it were merely for the sake of knowledge, we must say that such knowledge is subjectively valued, and is an economic end. However, within a free market economy[1], such research is almost never merely for the sake of pure knowledge, but is directed toward market problems that we do not yet have the ability to sufficiently solve. For example, most funding (about 56 percent in 2018, according to the National Science Foundation) goes to medical research on yet-unresolved maladies (cancer). The market demands new and better solutions and, thus, the greater knowledge that such solutions would require. If a higher state of well-being cannot be found in the current state of knowledge, then *new* knowledge must be generated or discovered to provide further progress. This progress is not outside of the market process; instead is a key feature to it.

Similarly, why do consumers change their preferences? Indisputably, it is because they are endlessly striving for what satisfies them best (WITT, 2001), seeking a higher state of individual economic welfare. Again, this is not outside of the market process, but is, in fact, a central aspect of it.

In sum, current market process theory, founded upon the generally accepted dynamic conception of the FSR, is incomplete, leaving a large portion of intentional economic action out of its process. That certain types of human action are, as a result of the modern FSR, left out of the analysis, seems untenable. Fortunately, it is also easily corrected.

3.1 The Nirvana State of Rest

Once again returning to Mises' definition of the FSR, we might consider an alternative interpretation. To remind the reader, that definition states that the FSR is:

a state of affairs in which **there is no longer any action,** whether because all uneasiness has been removed or because any further removal of felt uneasiness is out of the question. (MISES, 1998, p. 245, [emphasis added]).

We can, perhaps, conceive of a hypothetical state of affairs where the removal of any additional uneasiness is impossible, not because of the **current** knowledge and technology, but because **it is altogether impossible.** That is, it is a state where no future knowledge, technology, or resources can attain a higher state of well-being. All possible improvements (forevermore) have been exploited, and we are at a **true** optimal state.

Let us call this truly 'definite' final state, whether the state where **all** uneasiness is removed or where any additional satisfaction is truly and endlessly 'out of the question', the '**nirvana[2]**'

[1] In today's political climate, it is common for governments and private foundations to fund research that has no clear social utility whatsoever, instead idealistically pursuing 'pure' or 'basic' science for the sake of knowledge, which would then hopefully find economic application. Rothbard (2015) and Kealey (1996) argue compellingly, however, that such an approach is extremely wasteful, and that research should instead be intentional and targeted. They conclude that private investors, motivated by profit, would fund much more beneficial research, and, thereby, accelerate economic growth if governments would simply stop sucking research dollars out of investors' coffers.

[2] The term 'nirvana', of course, invokes the soteriological state of ultimate peace associated with Buddhist, Hindu, and Jainist philosophy. The term was employed by Demsetz (1969) to describe the normative hypothetical against which economic rationality was judged, a concept criticized by Kirzner (1973, p. 185-187).

state of rest (NSR). It is clearly an imaginary and hypothetical state. **Only** in such a state, one way or the other, does any and all human action become unnecessary. No action could do any more to improve anyone's state of affairs, including learning and innovation. Thus, it is a state of perpetual **inaction**, a true 'final' state of rest.

Because we have here conceived the NSR as the 'true' **final** state of rest, the FSR explained above becomes something of a misnomer. It may be beneficial to rename it more appositely given its true meaning—to perhaps the **contemporary state of rest** (CSR) to imply that such a state exists only as a function of the present or contemporary state of knowledge. Thus, the NSR can be clearly distinguished as the true and definite **final** state of rest.

The NSR was briefly recognized by Kirzner (1963, p. 258) in his early work.

> [T]he purist may point out that there are always unknown technological possibilities that future generations will discover. From this point of view a market system might be described as always in a state of disequilibrium, with respect to the infinity of knowledge that is beyond human reach. A more workable approach, however, is to define relevant technological knowledge as that which is possessed by someone in the system. Disequilibrium then exists, with respect to this knowledge, so long as it has not yet been placed at the service of the market.

Kizner acknowledges, here, that **in reality** the true final state of the market is an infinite state (the NSR) rather than a dynamic CSR. The justification for preferring a dynamic CSR, for Kirzner, is one of analytical practicality. In seeking to understand the tendency of markets toward certain prices, it is impractical to employ infinite knowledge not yet conceived in the analysis. While this is true, such a simplification, as I have shown, mistakenly excludes certain types of intentional human action. By introducing the NSR **in addition to** the CSR (FSR), we gain important nuance and clarity to the market process, and the expanded role of the entrepreneur within it. A summary of the states of rest is provided in Table 1.

Table 1. Summary of the States of Rest

State of Rest	Definition	Price	Pulled By	Type of Entrepreneurship
PSR	Point of rest between each market-clearing transaction. All ready transactions have cleared.	Bargained (temporary/ case specific) price	WSR	Arbitrage (exploitation of distributed knowledge)
WSR	State of general equilibrium, where available knowledge has been fully arbitraged, with consistent error. State where prices stabilize.	Fully arbitraged equilibrium price (with error)	CSR	Resolution of remaining, persistent market errors
CSR (FSR)	Errorless state where all current knowledge has been efficiently applied.	Genuine (errorless) equilibrium price	NSR	New knowledge discovery/ development/ application
NSR	State of perpetual, perfect satisfaction. No 'uneasiness' left to remove.	Zero		

4. Entrepreneurship and the market process

Whether the final state is a "mechanical rabbit being chased by the dog" (ROTHBARD, 2009, p. 322), or if it is the North Star, always unreachable though never moving, what difference does it make? The NSR modifies the analysis in several important ways. Perhaps most importantly, it brings **all** sources of action internal to the analysis. One is not done acting merely because the **current** state of knowledge proffers no additional economic gains. Such a state only provokes exploration, experimentation, and scientific pursuits towards a higher state of knowledge. These actions are clearly economically motivated, and so belong within our analysis. In other words, entrepreneurs seek not only to maximize value given the present state of affairs, but actively seek to create new ones, and especially new knowledge, that would drive social welfare to an altogether higher state. If we constrain the entrepreneur's function to only that which pertains to existing knowledge, then we cut out a significant type of entrepreneurship—what we might call **creative** entrepreneurship — which is, if we accept the NSR, the generator of new knowledge. Through the lens of the NSR we can extend market process theory to encompass the whole of human action. This includes previously supposed **exogenous** changes such as changing preferences, knowledge, and resource availability. Closer inspection reveals these to be endogenous to the market process. A reorientation of the market process toward the NSR facilitates their internalization **within** market process theory.

Although such a shift reorients the market analysis to be a continuous, unidirectional process, we should not take it to mean there are no **pauses** in the process that might be understood as temporary equilibria. Through the lens of the NSR, such pauses would derive primarily from the inherent nature of individuals to prefer stability over change. As Lachmann (1977, p. 189) puts it:

> The Austrians were concerned, in the first place, with the individual in household and business. There is no doubt that here equilibrium has a clear meaning and real significance. Men really aim at bringing their various actions into consistency. Here a tendency towards equilibrium is not only a necessary concept of praxeology, but also a fact of experience. It is part of the logic inherent in human action.

That is, as far as human action tends toward routine and temporary stability in the search for superior solutions (the value of pursuing an incrementally superior satisfaction may not be perceived to be worth the time and effort of acquiring and implementing such a solution), pauses are expected in the endless process toward the NSR. Thus, these intermediary states of rest (PSR, WSR, CSR) are relevant and important to our analysis. The NSR does not do away with them, it merely contextualizes them within the endless process toward optimal satisfaction.

The NSR prevents the fudging of equilibrium to fit one's narrative. We can always claim *ex post* that, the FSR has moved and thus our theories and predictions failed through no fault of their own. Adopting the NSR, this becomes impossible. We have a **normative** end state, a goal toward which we can attune our theories and predictions. It enables us to abandon strict and simplistic utilitarian theorizing (more is better), and see the purpose in markets more clearly. It provides an efficient baseline, much as general equilibrium does for neoclassical researchers, as a tool for future theory building and prediction.

4.1 Entrepreneurship Theory

The possibility of error in the state of rest was one of the more consequential recognitions of Austrians for the more mainstream field of economics. Walrasian equilibrium assumed the possibility of such errors. Even the most committed general equilibrium theorists, however, readily admitted that such assumptions were unrealistic (MANISH, 2014), and that exchanges would, in reality, be made at "false prices" (HICKS, 1946, p. 127). It was left outside their theorizing, however, how such "false prices" would ever move to that assumed equilibrated state. It was left to economists, then, to discover inefficiencies (market failures) and, perchance, devise political solutions to correct them.

Kirzner (1963; 1978) found this oversight to be inherent to the neoclassical omission of error and entrepreneurship, and noted that the Austrian conception of the entrepreneur could explain such equilibration. Entrepreneurs, Kirzer (1973) argued, find the market to be in a state of disequilibrium — that is, in a PSR or, perhaps, a WSR with error — and take action to correct the error, rewarded with the profits of such market correction. The result is that the erroneous prices are transformed into more correct prices because of the superior judgment or alertness of the entrepreneur to the true state of the market.

4.2 Error and Rationality

With error being the driver of entrepreneurship, let us examine what we mean by error and how it arises, given the addition of the NSR to the analysis. Austrians and neoclassical economists had rather different views of error, derived from their differences regarding the concept of equilibrium. For the neoclassical economist, error is that state of "false" prices, a state of the market where actors behave **irrationally** from the view of the equilibrated market. The Austrians, with their view of short-term equilibriums at the PSR, and longer-term equilibriums at the WSR, however, saw **all action as rational.** This is because all action is oriented toward the CSR, the PSRs and WSRs fraught with knowledge asymmetries and error preventing the market's reaching the CSR.

Mises (1985, p. 268) explains:

> To make mistakes in pursuing one's ends is a widespread human weakness. Some err less often than others, but no mortal man is omniscient and infallible. Error, inefficiency, and failure must not be confused with irrationality. He who shoots wants, as a rule, to hit the mark. If he misses it, he is not 'irrational'; he is a poor marksman. The doctor who chooses the wrong method to treat a patient is not irrational; he may be an incompetent physician. The farmer who in earlier ages tried to increase his crop by resorting to magic rites acted no less rationally than the modern fanner who applies more fertilizer. He did what according to his—erroneous—opinion was appropriate to his purpose.

It is not irrational to act according to one's knowledge, even if that knowledge is imperfect — it is in fact perfectly rational given these limitations or, as Simon (1979) described it, **bounded** rationality.

These distinct views are not irreconcilable (KIRZNER, 1978). Error means different things when taken from different states of rest. From the perspective of the PSR, there are no errors. All behavior in this scope is rational given one's individual and subjective preferences, knowledge,

resources, and ends at that specific moment. From the view of CSR, errors are knowledge asymmetry problems. We have internalized all subjective differences and determined a state of optimality given those differences and all knowledge. However, one cannot know the thoughts and intentions of another, and so prices are guessed at by each party. As a result, trades will continue to occur away from the CSR price until, over time, that knowledge is diffused to all or, more practically, prices equilibrate to a point in which no more adjustments are made (the WSR).

From the perspective of the NSR, a key source of market error, in addition to the previously understood errors, is a fundamental misunderstanding of one's self (as a consumer), or of one's customer. Such errors are failures to grasp what it is that is truly **needed**. They derive from the latent nature of needs and the tacit nature of one's understanding of them. That is, while one's 'uneasiness' at having an unmet need is recognizable, it is not always or altogether clear what specific need is causing the uneasiness. Also, to the extent that one understands their needs, it is impossible to perfectly convey that experience because of its inherently personal and subjective nature. One's understanding of another's needs must necessarily be interpreted through their own subjective experiential lens, and thus must necessarily be unique.

It is clear that we often err in our understanding of our needs (SHELDON, 2011). In some cases, it is a result of psychological disorder. In most cases, however, it is simply a result of innate ignorance within the continuous needs learning process (WITT, 2001). One might, for example, daringly try some new cuisine at a restaurant only to find the dish quite distasteful. *Ex ante* it could not be perfectly known whether the patron would like the dish. While the experience proved dissatisfactory, the patron has learned something about her needs, tastes, and preferences.

Entrepreneurs especially have a difficult time projecting the needs and preferences of their target customers. They are especially prone to overestimate these (HAYWARD, SHEEPHERD; GRIFFIN, 2006) for various possible reasons. Entrepreneurship then, in this view, is not merely a process of correcting pricing errors and equilibrating disequilibrated markets. It is a learning process by which actors (consumers) learn what their true needs are through experimentation, like trying new foods. Failed products can have a significant impact on the bottom line, but each of those failed ideas also offers the market a better sense of what is truly valuable. For example, Apple's failed personal digital assistant, the Newton, facilitated a learning process by which Palm CEO Jeff Hawkins and his team discovered a better way to address the true needs of consumers, resulting in their very successful Palm Pilot. Thus, errors, from the view of the NSR, contribute to the entrepreneurial learning process by which markets continually trend toward the NSR, and not just the FSR.

4.3 The Pull of the Market

Kirzner (1997; 1999; 2009) clearly differentiated his entrepreneur from Schumpeter's. He understood the entrepreneur to be pulled by the market or, specifically, by market errors, whereas Schumpeter conceived of a market-disrupting entrepreneur. Said differently, Kirzner (1963, p. 258) understood entrepreneurship to be pulled by the FSR (CSR), endlessly pursuing superior usage of the knowledge available to the market.

This is certainly a useful and, perhaps, accurate depiction of the market process. However, it is also incomplete unless and until we integrate the NSR. For, as Lachmann (1977) readily

admitted, a subset of the entrepreneurship described by Schumpeter **creates** new knowledge and, thus, moves the CSR to a new and higher state. Such entrepreneurship cannot, then, be pulled by the CSR. Kirzner's theory misses this rare, but important type of entrepreneurship, or calls it a different name.

As Table 1 illustrates, each state of rest is 'pulled' by a future and forward-looking state of rest. Except and unless we have a 'true' final state of rest that is not pulled by anything, as in the NSR, then we cannot explain all entrepreneurship and, thus, market change.

The type of entrepreneurship that disrupts each state of rest is also given in Table 1. While I, generally, hesitate to typify entrepreneurship (because the purpose of entrepreneurship is subjectively determined by the entrepreneur), this typology seems universal and useful to better understand the general market process and, especially, change within the market.

4.4 Expectations and Uncertainty

Finally, Austrian theorists have had a lot to say with regard to the sources of uncertainty and the impact of uncertain expectations on market processes (LACHMANN, 1977; MISES, 1951; FOSS; KLEIN, 2012). Because the prevailing view of the PSR is that it occurs for every price point, PSR analysis allows for errors in expectations, which lead to market inefficiencies (surpluses and shortages) from the view of the CSR. Over time, however, errors are recognized, expectations are adjusted, and corrective transactions are made, pushing the market to a fully arbitraged WSR and, from the WSR, toward the dynamically shifting CSR. This is, generally, Kirzner's (1973) entrepreneurial vision: entrepreneurs' expectations shifting as exploitable market errors are discovered.

Adopting the NSR as the hypothetical final and ultimate position of the market, what are described as expectations extend beyond the mere market inefficiencies according to present conditions. Instead, expectations become comprised also of imaginations of possible future states not given by present knowledge, when preferences may be different, technologies might be more advanced, or resources might become more or less available.

This perspective aligns more closely with the so-called radical subjectivism of Lachmann and Shackle. These radical subjectivists, their view not constrained by convergence to the CSR, viewed expectations as far more fluid, subjective, and imaginative. Partially untethered from the 'reality' of the marketplace, market participants can imagine not only the future states **given** the state of knowledge, but also new possibilities **beyond** current knowledge.

This implicates the disequilibrating nature of some types of entrepreneurship, from the perspective of the 'equilibrium' at the WSR. Certainly, there remain certain types of arbitraging entrepreneurship, which correct inherent inefficiencies according to the **current** position of the CSR, of which Kirzner spoke quite aptly. But there are also types of entrepreneurship that disrupt the current state of affairs and move the CSR to a new position. We might describe such entrepreneurship as Schumpeterian or Lachmannian. For Kirzner, Rothbard, and others, such alteration of the CSR was beyond the market process, and thus outside the scope of the entrepreneurial function. Adopting the NSR brings it **within** the market process, and is indeed a key function of the entrepreneur.

There are further implications for the nature of uncertainty in the market process. Coordination and planning with regard to the current state of knowledge is, comparatively,

simple. Such is a state of Knightian ambiguity, where all knowledge is present and available, but is not known by any one individual (KNIGHT, 1921). When knowledge becomes unbounded in the NSR framework, the state of uncertainty becomes true Knightian uncertainty, where no probabilities can exist, and so expectations and decisions are made from a self-populated sample of possibilities only (SHACKLE, 1961). This distinction becomes vitally important when considering the nature of plans, coordination, and behavioral prediction, which the radical subjectivists have emphasized in their work (LACHMANN, 1978; 1986; SHACKLE, 1970; 1979). It suggests a human nature vastly more equipped to deal with unpredictability in terms of facilitating action, while, simultaneously, woefully less adept at **correctly** predicting future outcomes than much of the social sciences - and even some Austrians have been so-far willing to concede.

Another point worth noting is that, in the hypothetical NSR, there is **no** uncertainty. This is not to say, necessarily, that all actors at the NSR would be omniscient, but rather all relevant knowledge is already incorporated into the economic system and is, in that sense, accounted for and, thus, 'known'. It can be deduced from this that economic growth can, over time, reduce uncertainty. While the future is radically unpredictable, and appears to have become increasingly so over time, we conclude that, like scarce resources, this uncertainty is bound to 'peak' at some point and begin to diminish with continued progress toward the NSR. There will be fewer innovations, fewer business failures and job losses, fewer changes to the distribution of resources, and overall less human action altogether as an economy approaches the NSR. Because uncertainty is largely a product of open-ended human action (SHACKLE, 1979), we conclude that it would dissipate as an economy nears the NSR, where there is no action. This assumes, of course, that there are no economic setbacks such as natural disasters, knowledge destruction (forgetting), and such that would regress markets away from the NSR.

In all, the NSR produces a far more holistic and robust theory of praxeology than the modern concept of the FSR (or CSR) allows. It brings all human action within its purview, incorporating search, discovery, ingenuity, and innovation into its analysis. These are not exogenous factors to be analytically reacted to, but economic phenomena that require explanation. Adopting the NSR as a true final state provides a framework for such explanation.

4.5 Price Theory

Explaining changes in price has been difficult for modern economics as "a result of the historical context in which it was developed," and has thus largely "been regarded as obscure and irrelevant" (LEWIN, 2011, p. 4). While Walrasian stalwarts such as Hicks (1934) acknowledge that exchanges actually occur in **disequilibrium**, such a state is irrelevant to the calculation of true (and not 'false') prices, which are derived from a state of perfect knowledge and equilibrium. Such equilibrium assumptions suggest that, while prices are prone to change, any changes in price are the result of actual changes in the market and not of a general tendency to do so.

The Austrians, of course, do not take such a simplistic view, observing that the errors of expectation that occur in transitions from one PSR to another are, over time, recognized and corrected (KIRZNER, 1973; ROTHBARD, 2009). Thus, prices naturally tend toward the "genuine equilibrium price" (ROTHBARD, 2009, p. 135), which is the price at the WSR, over time. This long-run WSR price is regularly disrupted by those supposedly exogenous shocks

to the market process. **Some** price change, then, is a result of entrepreneurial arbitrage. But other changes to prices are, as previously mentioned, understood to be a result of exogenous factors that move the CSR.

Adopting the NSR pushes us to a new and somewhat radical perspective on price. According to this view, the 'final', or 'nirvana', price of any good is not a "genuine equilibrium price," but, rather, **zero**. How can one be perfectly and perpetually satisfied if it comes at a cost? Any non-zero cost implies sub-optimality and requires human action to pay it. All of human action, then, tends inherently toward that final state of inaction, where all prices must necessarily be zero, or to have already been fully paid.

Thus, rather than the typical question of 'what prices should be' or 'why prices are so,' the adoption of NSR pushes price theorists to ask the question differently: why isn't the price zero? This seems, at first glance, a meaningless question. The answer is obvious: scarcity. Of course, this answer only became obvious after nearly a century of confusion (beginning, at least, with Smith) led to the eventual insight of **marginal** utility. Had the question been asked this way in the first place, the answer would, perhaps, have been immediately obvious.

What really sets this approach apart from present price theories is the way it deals with price change. Supposed price equilibriums are regularly thwarted by innovation. Supposed long-run prices are disrupted, incumbent products displaced, and better solutions emerge that are cheaper and more effective. This is the overall economic trend (SCHUMPETER, 1942). What is the long-run or "genuine equilibrium price" of a discontinued product? While, for Austrians, this disruptive process is so far understood as occurring as the result of a shifting CSR, adopting the NSR allows us to understand this process as natural and expected.

Through this lens, the stable and even increasing prices we sometimes observe are the **anomaly**, not the norm. The norm in market economies is the electronics industry, where products' prices continue to drop until new and superior products displace them in the marketplace, a process that cycles endlessly towards higher performance (higher needs satisfactions), lower prices, or both. We should, therefore, rephrase the question: why do some prices not tend toward zero? This is, indeed, an interesting question, one to which much has already been said, and to which much remains to be said. The Austrians in particular, with an understanding of market processes through the NSR, stand to offer strong insights in this regard.

It should surprise no one in the Austrian camp that one of the primary answers is likely to lie in government intervention. Unimpeded markets generally tend toward ever-greater efficiency and deflationary prices (like the electronics industry), regularly devising new technologies to deliver greater value at smaller prices to stay ahead of competitors. This process is impeded by, e.g., monetary inflation practices as well as barriers erected by businesses and regulators. While barriers erected by political regulation are enforced and maintained by the government, barriers erected by the private industry have been unable to prevent long-term competitive pressure, and advantages over time are eroded by innovation (MCGRATH, 2013; WIGGINS; RUEFLI, 2005). Sustainability of competitive advantage is, increasingly, only possible either by continuous, innovative self-disruption or with artificial barriers erected by government protectionism. Supply is certainly another key factor, but, as observed above, an unimpeded market process has proven quite resilient to scarcity. There are other factors also, but it would appear that the primary disruptor of price decline is political meddling.

Clearly, there remains room for price analysis at the PSR in understanding each price at any given time. Involving the NSR changes little in the general analysis, except in suggesting an overall and natural tendency for prices to continuously fall in the absence of significant scarcity, natural or imposed.

5. Reconciling the camps

The Austrian School suffered a short period of contentious divide in the midst of its revival as three key Austrian scholars produced distinct interpretations of the market process regarding equilibrium. The result of this divide was the formation of three distinct Austrian 'camps,' each with its band of adherents who disagreed in certain respects with the other two. In this section, I hope to show that the issues underscoring this divide are a result of the incompleteness of the traditional market process theory as regards the states of rest. A transition to the present conception, and the adoption of the NSR as the true final state of rest, as I propose, may resolve the dispute and serve to unify the Austrian School in this regard.

Kirzner, it is clear, held to the general concept of equilibrium as the CSR, and sought to understand how markets transition from a state of disequilibrium (the PSR with error) toward this errorless equilibrated state. **All** entrepreneurial action, for Kirzner, was inherently equilibrating in this sense; that is, it moved the market closer to the often-shifting CSR. Thus, the Kirznerian entrepreneur was one who spotted errors in the PSR and, thereby, adjusted the market's supply or prices in a way that corrected those errors, capturing for himself a profit in the corrected transactions. The function of the "pure" entrepreneur, then, is one of arbitrage, of spotting and correcting extant market errors which, in and of itself, does not require capital.

For Lachmann, it wasn't clear that the market necessarily tended toward the CSR. It seemed to him that the CSR often moved faster than the PSR could converge toward it. Thus, although he admitted the equilibrating tendencies of entrepreneurship, he rejected the presumption that such a tendency led incessantly toward equilibration. Exogenous forces of disequilibration would often counterbalance market equilibrating forces and, so, the market had no real tendency toward a static equilibrium. As such, entrepreneurs not only seek to correct extant market errors. They must be imaginers, creatively foreseeing what **might be** and the future errors in markets that might be corrected as the market changes. The future is radically uncertain, the CSR changes rapidly, thus precluding any real sense of certain prediction and calculation. The entrepreneurial function, for Lachmann, is one of imagination, creation, and coordination.

Rothbard (1995) disagrees with both Kirzner and Lachmann. He criticizes Kirzner for being too deterministic in the idea that entrepreneurs are merely alert to 'real' opportunities. How, then, are entrepreneurial losses and failures explained? Lachmann, on the other hand, is too nihilistic, presumably discounting the possibility of predicting the future and, thereby, disintegrating the incentive for all of human action. For Rothbard, the truth is in between. The entrepreneur is a "capitalist-entrepreneur," an investor and risk-taker who judges over uncertain ventures, succeeding or failing according to his judgment abilities. While the future is **predictable**, not all judgments are correct. Those that are will be rewarded on the market.

We can, perhaps, see that these differences are borne out of small distinctions in each of their views about the states of rest. As quoted previously, Kirzner understands the infinite nature

of the FSR, that it is a state where all knowledge is optimally employed, and so all **possible** ideas are universally *towards* that final state. As soon as new knowledge is discovered, the FSR (CSR) shifts to a higher state, and so employing that knowledge is in the same direction, i.e. towards that final state, which is equilibrium.

Lachmann's primary concern is the shifting CSR, and the effects of this dynamic shifting on entrepreneurship. How do entrepreneurs plan, coordinate, and act in the face of such a shifting landscape?

For Rothbard, the focus remains on the PSR, where the real economic action occurs. The CSR is altered outside the scope of economic calculation, and so it lies outside the scope of his analysis. At the PSR, entrepreneurs seek out new ways to employ their resources more effectively, thereby moving the PSR to a higher state closer to the CSR. Thus, entrepreneurs are **capitalists**, investors that take risks on the market with their owned resources. If they are right, they obtain gains to their resources in exchange whereas, if they are wrong, they suffer losses in those transactions.

Salerno (1991; 1999) observed that these disagreements over equilibrium were, relatively, unimportant, a result of Austrian scholars focusing on different states of rest. Whereas Kirzner and Lachmann focus on the CSR, he agrees with Rothbard that the focus should be on the PSR, where prices are truly formed.

While I do not disagree with Salerno's analysis, I must react to his dismissal of Kirzner's and Lachmann's views. Though much of the market process, such as prices, are determined at the PSR, I agree with Mises (quoted above) that ignoring the FSR is also unacceptable, restricting our analysis from understanding economic change. It was precisely this change that Kirzner and Lachmann were reacting to in their own analyses.

The problem between the three views is not that one is more correct than the others, but that they each are focused on different aspects of the market process and the correspondingly different states of rest. Rothbard's attention is focused on the PSR, whereas Kirzner and Lachmann are attuned to the CSR. Kirzner focuses on economic movement toward the CSR, which moves on its own accord as a result of exogenous factors, thereby causing entrepreneurs to react to the new state. Lachmann, instead, is more concerned with the dynamic nature of the CSR itself and the effects of its changing on entrepreneurship within the market process.

These distinct views, we can see, are easily reconcilable with the adoption of the NSR as a separate and true final state of rest. The CSR is pulled toward the NSR by market forces. Lachmann states correctly that market participants (whether they should be called entrepreneurs or not remains to be determined) **intentionally** alter the CSR through their search, imagination, and ingenuity in generating and employing new knowledge in the service of the market. Kirzner is also right that **all** entrepreneurship is oriented unidirectionally towards that optimal state of rest. All of entrepreneurship is directed towards an overall higher state of well-being. Certainly, however, Rothbard is also correct. Entrepreneurship occurs within immediate markets, and so the knowledge with which they work are the prices and factors that surround the PSR. Judgment over resource allocation is the source of market shifts away from the PSR to a new one.

In other words, Austrians appear to have long been talking past each other, speaking to different short- and long-term aspects of the market process while attempting to use the same language. "Equilibrium" is not a single state in Austrian economics. It is at least two

and as many as five **different states** (PSR, WSR, CSR, NSR, ERE). Lewin (2011) reproduces **seven** distinct definitions of the word. It is, thus, an imprecise and misleading term that has caused unnecessary confusion.

To reconcile these views, it becomes imperative that we begin to be more precise in our language. In addition to clearly defining 'equilibrium' (it may be worthwhile for Austrians to abandon this term and stick with the various states of rest), we must also clearly delineate the various functions of the different market participants. For example, while I think it is accurate to ascribe the term 'entrepreneur' to each and every participant that makes a change to the marketplace, if we are to achieve clarity, we must use more specific language. We must be clear on what change the entrepreneur makes and for what reason. There is an alert recognizer or discoverer of market inefficiencies, an arbitrageur who corrects such errors, an innovator that devises new solutions, a capitalist that owns resources and makes judgments over their allocation, a researcher who discovers or creates new knowledge that can disrupt the CSR, and a manager that coordinates the process of bringing ideas to market. All of these have been described as 'entrepreneurs. It is rarely clear in entrepreneurship theorizing, however, which of these functions the described entrepreneur performs in the market process. Perhaps the term 'entrepreneur' is the problem, and we should look to more precise and specific terminology in its stead.

It seems encouraging that it may be so easy to reconcile the persistent disagreements within Austrian circles and come to a better understanding of each other and, perhaps, even a partial unification. Certainly, this is not the only point on which Austrian scholars disagree, and it is unlikely that we will ever come to a full unification given our philosophical differences. However, this has been a sticking point among different 'Misesians' that might find resolution. The whole of the market process, from the minute inner-workings of single transactions that lead to a PSR to the overall economic trajectory towards (or not) the NSR, is relevant to praxeology, and so belongs within the Austrian purview. So long as we are clear on which aspect(s) of that process we seek to better explain, we should be able to come to a much stronger unity overall. Acknowledging that each camp has focused interest on different aspects of this process can both alleviate various disagreements and strengthen the field. That is, by acknowledging that the work already done addresses different aspects of the market process, we come to recognize that a large part of this process, as a whole, has already been addressed, and that we already have a quite solid grasp of the multiple tendencies of markets (LEWIN, 2011).

Conclusions

In conclusion, the Austrian School has so far left certain aspects of change in time outside of Austrian market theory, describing such change as economically exogenous market shocks. Yet, praxeology is the study of purposive human action. It is clear that these changes are generated by purposive human action, and thus fall under the umbrella of praxeology. We must, if we are to be complete, no longer leave these changes outside our theorizing.

I have shown that, by adopting a new state of rest — the NSR, which is a *true* final state of rest where all purposive action is completely and perpetually ceased—all purposive human action is brought into the tent of the praxeological analysis. Economic change is internalized as

purposive search and imagination of new knowledge and ideas to better address imperfectly satisfied human needs. Furthermore, it clarifies many issues that have, so far, confounded scholars regarding general market processes and the role of market actors within them. By precisely delineating the various states of rest, the multiple and simultaneous tendencies of markets are more fully grasped, and a more holistic market process theory comes into focus.

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