

Best Integrated Writing

Volume 4

The Economics of Thought

S. Marie Johnson
Wright State University

Follow this and additional works at: <http://corescholar.libraries.wright.edu/biw>



Part of the [Business Commons](#), and the [Economics Commons](#)

Recommended Citation

Johnson, S. M. (). The Economics of Thought, *Best Integrated Writing*, 4.

This Article is brought to you for free and open access by CORE Scholar. It has been accepted for inclusion in Best Integrated Writing by an authorized editor of CORE Scholar. For more information, please contact corescholar@www.libraries.wright.edu.

The Economics of Thought

S. MARIE JOHNSON

EC 2900: Global Economic, Business, and Social Issues, Spring 2016

Nominated by: Dr. Evan Osborne

Marie was awarded her Bachelor of Science in Biological Sciences from Wright State University in 2016. She is currently pursuing her Master of Science in Biological Sciences at her Alma Mater. Marie runs on a steady stream of processed sugar and whipped cream.

Marie Notes:

Given the freedom to choose any research topic, I set out to select subject matter that I am passionate about. The amenable prompt, in combination with the course's curriculum, helped me to realize the ease with which economic concepts can be applied to much more than conventional goods and services. I hope that, if nothing else, the reader is able to think critically and sympathize with both sides of the presented issue.

Dr. Osborne Notes:

Johnson's essay is an extremely impressive demonstration of economic principles outside the standard economic context. The student also thought the problem through entirely on her own, coming up with a very sophisticated analysis. In a 2000-level course, she came up with an analysis that many people who major in economics would not be capable of, and did so as a biology major. It was also impressive in thinking about what is desirable from the citizenry's point of view.

The first amendment of the United States Constitution protects American people from laws that might abridge freedom of speech or of press, which applies both to political speech and other more recreational types of speech such as those associated with entertainment and art (Posner, 1986). This is a protection that many Americans take for granted. Those citizens who do acknowledge the first amendment and its implications often use it to justify incendiary actions that might escalate to law enforcement issues. Despite the costs of freedom of speech, though, the social benefits are far more significant. This tradeoff is perhaps easiest to comprehend when thoughts and ideas are viewed as consumable goods subject to economic principles such as competition.

Limits on freedom of speech have similar, if not identical, outcomes to those of licensing and taxation. When ideas and viewpoints are thought of as competing goods, it is easy to see how anything that reduces the number of ideas expressed decreases competition between ideas. Regulations introduce costs, which are likely to deter people from entering into a market. Just as requiring unlicensed hair braiders to obtain costly and unnecessary cosmetology licenses will decrease the number of hair braiders entering into the business, government regulation of the flow of ideas makes it more difficult to spread new ideas and sustain those that already exist. In some extreme instances of regulation, it may become very costly or even impossible to get the goods, thoughts and ideas in this analogy, to market. If successful unlicensed hair braiders exist, it is obvious that people are willing to consume the services provided regardless of whether the braider is licensed. Is it necessary, then, to introduce regulations in the first place? Probably not. The same critical thinking applies to the free market in ideas.

Concepts associated with taxation are also applicable here. When a government wishes to decrease the consumption of a certain good or service, taxation is often considered as an effective means to the desired end. For example, if the government wanted to decrease cigarette smoking, a large tax on cigarettes might be very effective. Those consumers who could no longer afford the cigarettes after tax would be unable to buy them, and those consumers who could still afford them would likely reconsider. For some, the added cost would outweigh whatever benefit they had previously received. The same is true of ideas and information. If information is easily obtainable, why not partake? When information becomes more costly, however, people begin to wonder if it is really worth obtaining. Added cost imposed by regulation decreases accessibility, ultimately decreasing

consumption. The social cost of decreased consumption of new ideas and information is far greater than the social cost of reduced material consumption and would likely result in widespread ignorance and decreased progress on multiple levels.

When considering limits on freedom of speech, it is important to question why the regulations exist. Do these regulations effectively address a pressing social issue, or do incumbents have a disproportionately large incentive to limit competition? The latter case has the potential to manifest as damaging and oppressive political monopolies, as has been the case with numerous totalitarian government regimes throughout history. An existing political party would benefit greatly from reduced freedom of speech with little to no social benefit for citizens. In the absence of competing ideas, incumbents have less incentive to act in consumers' best interest. When ideas are allowed to freely compete, consumers are able to assess the pros and cons of each argument and hopefully ascribe to the most utilitarian option. As people find it harder and harder to generate ideas, fewer and fewer people do so. The result is a lack of choices. In extreme cases, perhaps only one option exists. This type of monopoly is more harmful than a monopoly of tangible goods as the effects are far more dispersed and have huge implications for the wellbeing of future generations. In the case of regulation, the future is always unrepresented. Innovation requires that existing options be replaced by higher-quality alternatives. In the absence of creative thought, or in the absence of sufficient avenues for the dissemination of new ideas, innovation is impossible.

Not only does a free market in ideas ensure that consumers of information will have options, it also increases the quality of those options. In a highly competitive market, producers must find ways to help consumers distinguish their goods and services from those produced by rivals. Perhaps two car companies produce cars of about the same price and reliability. Taking just those two qualities into account, the cars might sell equally well. The second car company decides it would like to sell more cars, so it puts additional resources into producing very comfortable front seats. All else being equal, it is likely that shoppers will gravitate toward the more comfortable car because of the added benefit without additional cost. Now the first car company must adapt and innovate if it would like to keep up with the second. In this way, competition results in a positive feedback loop of improved quality and increased value. The same goes for innovation of thought. Antiquated and convoluted ideas are replaced by ones that better fit

the times. Before being presented with an alternative, a consumer of one idea might not realize how closeminded he or she has been. It is not until the owner of an uncomfortable car sits in a more comfortable alternative that he realizes what he has been missing.

The previous arguments illustrate why government regulation of free speech is a bad idea, but is it even possible? When the demand for a product remains extremely high, it is not uncommon for the product to remain available despite the introduction of huge production costs. Black markets exist for an immense number of illegal products including human organs and ivory. If government regulation attempted to limit freedom of speech but sufficient demand remained for innovative ideas, it is likely that these ideas would continue to circulate. This is made even more probable by the extensive technological means of information dissemination. Traditional barriers to thought are collapsing as technological advances accelerate the distribution of ideas. Furthermore, restrictions must be ironclad lest they spark entry of alternatives into the market. It is unlikely considering widespread access to the internet, increasing global connectedness, and the speed of modern information propagation that a government regime would be able to suppress thought to this degree.

This difficulty in regulation is reminiscent of the emerging problems with firearm control. Considering the increasing popularity of three-dimensional printers, guns can be produced in the home regardless of governmental control of conventionally produced weapons. Another parallel to the gun control scenario is the increased difficulty associated with introducing regulation into a market that was previously unregulated. Americans have become accustomed, whether consciously or unconsciously, to their guns and to their freedom of speech. When politicians suggest taking any existing freedom from a population, knee-jerk defensiveness and possibly even panic is certain to follow. With regard to political speech, the social cost of regulation at the federal level is far more pronounced than regulation further down the chain (Posner 1986). Short of moving to another country, which is highly time-consuming and very financially costly, there is little citizens can do to escape the federal government. If you descend in scale to the state government, it becomes more reasonable for a person to avoid regulation. Descending further, it is even less costly to relocate to a different city in the event of oppressive local legislation. Taking into account the mobility of modern man and his access to technology, it is reasonable to

conclude that limits on freedom of speech by any entity other than the federal government would be almost certain to fail.

Arguments against freedom of speech exist nevertheless. These commonly propose that if all ideas are created equal with equal opportunity for expression, there is an increased probability that destructive ideas will prevail. This is a valid and logical concern. Which produces a larger social cost: infrequent but devastating adoptions of hateful ideas such as those championed by Adolf Hitler and, more recently, radical Sharia law, or an almost complete lack of technological, philosophical, theological, and artistic progress? It is very difficult to say. Perhaps a modest reduction in freedom of speech would be worth decreased instances of political oppression, but how exactly does humanity decide where to draw the line? A government acting to limit freedom of speech assumes that its citizens are somehow incapable of making decisions for themselves. Instead of limiting the ideas available, it might be more beneficial for a governing body to put resources into helping citizens educate themselves. The world we live in has become better and better over time, especially in America. Living conditions have improved across the globe, and democracy is far more prevalent now than it was two hundred years ago. It is obvious that innovation of thought has done a great deal of good. It would be a shame to let radical schools of thought – which often come to power using force rather than persuasion – convince people that a free market in ideas is not worth protecting. Competition, whether between producers of material goods or producers of abstract commodities, is inherently disruptive, but in most cases the social benefit far outweighs the cost associated with the instability.

Freedom of speech is a highly complex issue, but thanks to the first amendment of the United States Constitution, it is a freedom that American citizens are privileged to enjoy. Without freedom of speech, consumers of ideas and information would have limited options in terms of which ideologies to subscribe to. This lack of competition in a regulated market would decrease the quality of those ideas allowed to persist and would make it difficult or impossible to introduce new ideas. Innovation and progress would suffer. Future Americans would suffer. Yes, the free market of ideas is chaotic and intimidating at times, but this nation and its citizens have managed thus far.

References

Posner, Richard A. "Free Speech in and Economic Perspective," 20 Suffolk University Law Review 1 (1986).