

The BBC's Critique of 'I, Pencil' Misses the Point

Leonard Read's immortal essay "[I, Pencil](#)" has persuaded more people of the wonders of the free market than possibly any other comparable work – so many that the BBC recently posted an article attacking it. However, anyone reading both articles will conclude that Read's pencil comes out looking sharper.

The mere fact that Read's article can still elicit rebuttals 60 years after it appeared in the [December 1958 issue](#) of FEE's *The Freeman* is testimony to its significance. As such a powerful and persuasive essay, it had to be destroyed.

Enter the BBC, which has published an article by Tim Harford asking, "[Have we all underrated the humble pencil?](#)" It appears at first blush to be a *Reader's Digest*-style information piece about pencils until 14 paragraphs in, when it pivots to Read's essay.

After calling Read's eponymous writing implement "loud and a touch melodramatic," Harford largely ignores the pencil's point. Read notes the paradox that no one person in the supply chain knows everything that goes into creating a pencil, yet each person's contribution results in an act of creativity.

Harford instead spends most of the essay critiquing a phrase uttered by Milton Friedman in his television series "[Free to Choose](#)," which introduced a new generation to Read's essay. Friedman notes that the pencil was created by "the magic of the price system."

Harford then makes three arguments aimed at the straw man notion that Read or Friedman were anarchists – and that government is a prime driver of innovation. Harford concludes:

In practice, then, the pencil is the product of a messy

economic system in which the government plays a role and corporate hierarchies insulate many workers from Friedman's "magic of the price system".

Read might be right that a pure free market would be better, but his pencil doesn't prove the case.

The BBC's rejoinder amounts to three objections, all falling prey to similar errors.

Business vs. the free market?

Harford's weakest argument asserts that the existence of corporations somehow invalidates the concept of supply-and-demand. "Leonard Read's loquacious instrument was made by the Eberhard Faber company, now part of Newell Rubbermaid – and, as in any conglomerate, its employees respond to instructions from the boss, not to prices in the market," he writes.

The BBC is confused by proximate and ultimate causes. The workers do, indeed, respond in a proximate way to the instructions of their bosses. Those bosses report to other bosses, who report to a CEO, who reports to a corporate board. However, if those layers of management and administration do not ultimately respond to prices in the market, they will all report to a different line of work.

Price signals are information that direct workers how best to create, manage, and market their products for maximum success. True, someone has to read the data and decide how to respond to them. Harford's response could serve as an argument for raising CEOs' salaries. But Friedman properly identifies the magic in the machine.

The bridge to nowhere

Harford raises a second argument, one which appears to address Read's text:

Economist John Quiggin raises a different objection. While Read's pencil underlines its history of forests and railway carts, both forests and railways are often owned and managed by governments.

True, and more's the pity. Government policies, influenced by environmentalist activists, have [fueled](#) annual forest fires, and government regulation of the rails was one of the more egregious forms of [cronyism](#) between the state and the "Robber Barons."

This argument is also something of a sleight-of-hand. Harford ignores Read's argument on the efficacy of public vs. private transport, which immediately precedes a section Harford quotes. Read noted that private businesses deliver "oil from the Persian Gulf to our Eastern Seaboard—halfway around the world—for less money than the government charges for delivering a one-ounce letter across the street!" For our purposes we'll acknowledge that, though the government [need not](#) perform this function, building roads is one of the enumerated powers [granted](#) to the federal government by the U.S. Constitution.

This retort came as no shock to Friedman, who in the same [two-minute segment](#) noted that businessmen [transported](#) the rubber plants used to make the pencil's eraser from South America to Malaysia "with the help of the British government." It may not have been entirely lost on Friedman that he made his statement on public television.

Substantively, the BBC article echoes Barack Obama's famous "you didn't build that" [speech](#). And it suffers from the same fallacies.

This argument confuses necessary and sufficient causes. The ability to transport a product from factory to store shelf is a necessary condition for its sale – and thus, its mass production – but not a sufficient one.

If roads created businesses, then there should be no stretch of asphalt in the country not festooned with stores, shops, or offices. Roads facilitate commerce; they do not necessarily cause it. If the government bears responsibility for all the commerce that flows over its roads, then the federal government [smuggled](#) all but the 370,000 pounds of drugs stopped at legal ports of entry last year – and the U.S. Post Office [trafficked](#) all but the 40,000 pounds of drugs seized in the mails in 2017. Clearly, this is a *reductio ad absurdum* whether applied to narcotics or number two pencils.

The creative process begins when an entrepreneur senses the underlying need for a product or service, which is confirmed by someone's willingness to pay for it. One might call this – to coin a phrase – the “magic of the price system.”

Furthermore, just as no Pencil Czar directs the construction of pencils, no Transportation Czar tells the company whether to transport its cargo by truck, rail, ship, drone, or private courier. The firm chooses the method of shipment that best fits its needs based on price signals.

Patents: Friend or foe?

Finally, the BBC article raises the issue of intellectual property. When war interrupted France's ability to import British graphite, Nicolas-Jacques Conté came up with a new composition for pencil lead, for which he obtained a patent. This, Harford argues, should cause us “to question whether Read's pencil is right to be so fiercely proud of its free-market ancestry. Would Monsieur Conté have put such effort into his experiments without the prospect of a state-backed patent?”

Libertarians have disagreed over intellectual property for more than a century. Murray Rothbard opposed patents (defined as a lifelong government monopoly) but supported copyrights (which he believed could be written into contract law). But

Lysander Spooner wrote that “the right of property in intellectual wealth” is an outgrowth of property rights, and denying it amounted to a form of communism. And Ayn Rand held that patents acknowledge “the paramount role of mental effort in the production of material values.” Scholars associated with the Acton Institute have [reached disparate conclusions](#) on the efficacy and propriety of intellectual property rights.

Rather than solve this issue, the BBC’s objections can be resolved by dealing with two erroneous arguments embedded in Harford’s article.

The first is that the government’s secondary role of providing roads or patents is a primary driver of creativity. Necessity, not infrastructure, is the mother of invention. Ingenious people will always invent and build devices to improve their own lives. The government’s respect for property rights merely determines whether they will mass produce and sell them, so that others benefit from their discoveries.

The second fallacious assumption is that everyone who supports the free market is an anarchist. The Lockean conception of ordered liberty tasks government with defending the right to [life, liberty, and property](#) – a position that Leonard Read and Milton Friedman happened to share. Read wrote in his lesser-known work [Government – An Ideal Concept](#) that the State should be confined to “protecting the life and property of all citizens equally, and invoking a common justice under law.” Friedman believed the government had [three primary functions](#): to “provide for military defense of the nation,” “enforce contracts between individuals,” and “protect citizens from crimes against themselves or their property.”

The point of “I, Pencil” is best captured by Read’s successor at the helm of [FEE](#), Lawrence W. Reed. “None of the Robespierres of the world knew how to make a pencil, yet they wanted to remake entire societies,” he wrote. Ambitious bureaucrats, eager to impose their ignorance on economics or

politics, lack the information and creativity generated spontaneously by free people. “Leave all creative energies uninhibited,” wrote Leonard Read. “Permit these creative know-hows freely to flow.”

Read’s essay is no brief for anarchy. “I, Pencil” is a plea for humility among economic central planners that is desperately needed by the utopian tinkerers of our day, and every era.

All of which leaves Harford without a point to make.

Thankfully, pencils have erasers.

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