

JOHN STUART MILL

Team: Capitalist Pigdogs

Position: Deep mid wicket

Status: Unfettered by the mortal coil

It's an interesting question whether John Stuart Mill (1806–1873) should be enshrined in the economics chapter or the media chapter. In the end, economics makes the more compelling case—and not just because money talks. *On Liberty*^a deserves a special place in the discussion of freedom of expression, which most people now think of as synonymous with press freedom, but it is a treatise about the liberty of the individual and isn't really about the press at all. And Mill's economics stuff is pretty damned impressive. He quite literally wrote the economics textbook.^b

Building directly and explicitly from the work of Adam Smith, Mill introduced or developed the concepts of comparative advantage, opportunity costs, and economies of scale. All three of these concepts are central to today's politics and policy related to trade and economics.

Comparative advantage is perhaps the most important concept for many of the political and economic issues that today's nations confront. The basic idea of comparative advantage is that trade is not a zero-sum exchange. Both sides in a trade can come out of an exchange wealthier. It's as simple as apples and oranges.

If you live in upstate New York, it is possible for you to grow both apples and oranges. Apples are easy and cheap; the climate is perfect for them. Oranges are another matter. Even though there is an Orange County in New York, it's named after the Dutch royal colors, not a citrus spheroid that will turn into a green fuzzy lump if you leave it too long in the back of the fridge. The climate in New York is horrible for growing oranges. You could do it, though—you'd need a greenhouse and you'd have to pay to heat it through the winter and it would cost a fortune, but you could do it. Florida has, however, the opposite problem. The hot, humid weather wreaks havoc on apple trees, but orange trees grow like weeds there.

The result is that New York has a comparative advantage producing apples, and Florida has a comparative advantage producing oranges. If they then exchange apples for oranges, the laws of supply and demand mean that they both end up with more total value in fruit than if they didn't trade. Producers in both states gain a higher price in the other market for what they can produce cheaply locally, and consumers get a lower price at home for something from far away that would be expensive to produce locally. New York apples sell for more in Florida than they would at home (benefiting New York farmers), but they are still cheaper than they would be if they were grown in Florida (benefiting Florida consumers); the opposite is true as well.

This is the argument against protectionism and tariffs. In theory, a free trade zone such as that established by NAFTA expands the opportunities for pursuing these kinds of comparative advantages. The unfortunate difficulty with this idea in the real world is the problem of investments and sunk costs. If you were a New Yorker who invested heavily in the greenhouses needed to produce a modest quantity of very exotic and very expensive oranges, a free trade agreement with Florida and the flood of cheap oranges it would bring would drive you bankrupt. Wouldn't you fight like a screaming weasel to stop it?

How about the car factories in Detroit that are threatened by cheap labor in Mexico? Or the lumber mills in Oregon threatened by cheap Canadian timber? Or two grumpy old dudes who own a bunch of oil stuff threatened by renewable energy mandates or climate change legislation? Or the Budweiser company, which is threatened by pretty much anything that might cause Americans to discover what a real beer tastes like?

^a John Stuart Mill, *On Liberty* (London: Longman, Roberts, & Green, 1859).

^b John Stuart Mill, *Principles of Political Economy with Some of Their Applications to Social Philosophy* (London: Longman, Roberts, & Green, 1848).