

THOREAU'S PENCIL: SHARPENING OUR UNDERSTANDING OF WORLD TRADE

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I brought my “power point” with me today.

I even sharpened it.

This is a “Number Two” pencil.

This “Number Two” pencil makes the point I wish to make today about the power of trade.

This pencil belongs to me.

But in another, broader, truer sense, this pencil belongs to Henry David Thoreau.

In truth, we might rightly describe this “Number Two” pencil as “Thoreau’s pencil.”

Why? Why is this “Thoreau’s pencil”? And why does an understanding of why this *is* “Thoreau’s pencil” help sharpen our understanding of the significance of world trade?

Like the answers to so many other questions, the answers to these questions about Thoreau’s pencil are found where they keep the books. They are found in the New York Public Library.

A few years ago, on a visit to New York, my wife, Rebecca, and I went to the New York Public Library. There we saw a special exhibit about the best American books by the best American writers. One of the writers featured in the exhibit was Henry David Thoreau.

Among the items in the exhibit were the handwritten pages from Thoreau’s journals, the earliest drafts of Thoreau’s essays, and an early edition of Thoreau’s timeless classic, *Walden*—his lyrical account of the months he spent in self-imposed solitude in the 1840’s in a homemade hut in the woods beside Walden Pond.

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Also among the items in the exhibit was a plain wooden pencil. It was Thoreau's pencil. However, the pencil in the exhibit was not just a pencil that had been *owned* by Thoreau. It was also a pencil that had been *made* by Thoreau.

The exhibit explained that Thoreau's father had owned a company that made pencils in their hometown of Concord, Massachusetts. The exhibit explained also that Thoreau had worked for a time in the family business of making pencils, and that his father had urged his son to make a career of laboring—not at writing essays—but at the more stable and more secure profession of making pencils.

Of course, like so many sons, Henry chose not to take his father's advice. He chose to make his living as a writer. He chose to write the essays we still read today. He chose to go to Walden Pond.

This choice made long ago by the youthful Thoreau helps sharpen our understanding of the significance of world trade today. It does so in a way that helps clarify what is really at stake for all of us in world trade.

Here is why. Some time after my visit to the New York Public Library, I was re-reading Thoreau's *Walden* for the "umpteenth" time when I was struck by this question Thoreau posed in the provocative first essay in *Walden*, on "Economy": "Where is this *division of labor* to end? and what object does it finally serve? No doubt another *may* also think for me; but it is not therefore desirable that he should do so to the exclusion of my thinking for myself."¹

I wondered then, and I wonder now: What would have happened if Thoreau had acted in his own life on the basis of his own obvious reservations about a division of labor? What would have happened if he had taken his father's advice, ignored the call of his own unique talents as a writer of essays, and chosen to minimize the division of labor in his own life by spending *all* his time making *all* his pencils? Would *Walden* and all of Thoreau's other enduring essays even have been written if Thoreau had not been able to benefit in his own life from the very division of labor that he denounced? Whether consciously or not, many of those who oppose world trade today are only echoing Thoreau's reservations about a division of labor. They need to know more about Thoreau's pencil. For the choice Thoreau faced in his life is the same choice we all face in our lives every day with every kind of trade. Will we do it ourselves? Or will we pay someone else to do it—whatever "it" is—so that we can have more time and more freedom to do something else? Will we choose to pay the "opportunity cost" of doing it ourselves, or will we choose a division of labor?

1. HENRY DAVID THOREAU, *Walden, in WALDEN AND CIVIL DISOBEDIENCE: COMPLETE TEXTS WITH INTRODUCTION, HISTORICAL CONTEXTS, CRITICAL ESSAYS* 39, 70 (Paul Lauter ed., 2000) (1854) (emphasis added).

Trade is nothing more than the consequence of this choice. Trade is nothing more than a division of labor. Trade is about pencils. Trade is about making pencils. Trade is about buying and selling pencils. Trade is about the *division of labor* that is evidenced in every pencil that is made and bought and sold in every part of the world.

In all our debates about “globalization”—in all our discussions about the “pros” and “cons” of the World Trade Organization—in all our understandable attention to all the “ins” and “outs” of international trade negotiations, international trade agreements, and international trade disputes—in all our day-to-day attention to all the many arcane details of world trade—we have a tendency at times to forget what trade really *is*.

Trade is simply the exchange that results from a division of labor. Trade is simply the exchange of pencils. Some of our pencils are called “goods.” Some are called “services.” Some are the ideas that we call “intellectual property.” Yet, whatever we may call what we trade, everything we trade is some kind of a pencil.

Sometimes it is only a simple matter of the teenager next door mowing your lawn. Sometimes it is the clerk at the corner grocery selling you a carton of milk. Sometimes it is the bookseller at the local bookstore selling you a book.

Sometimes the trade resulting from the division of labor is only a simple local exchange. But, many times, it only seems that way. Oftentimes, it is really much more. Often, the division of labor is a complex matter of buying a complicated “high-tech” instrument such as this “Number Two” pencil.

This pencil is the end result of the application of centuries of increasingly sophisticated technology. This pencil is a combination of highly-crafted parts from all the far corners of the world. This pencil has been assembled and finished and brought into the marketplace through the unique talents of many different individuals who all came together and worked together to make it. Often, our pencils do come from just next door. But, more often, our pencils come from somewhere else. Frequently, and increasingly, trade is “world trade.” “World trade” is called “world trade” only because some part of the pencil that is traded happens to cross some arbitrary and artificial political border. Apart from that, “world trade” is no different, economically, from hiring the kid next door to mow your lawn, or maybe make your pencil. I am not the first to use a pencil to illustrate this point. In an essay written in the 1950’s entitled “I, Pencil,” Leonard Read assumed the persona of a pencil. His pencil tells the tale of all

its many parts and many makers, and declares proudly that “not a single person on the face of this earth knows how to make me.”²

Here is the point. Even the simple pencil is the complex product of the individual talents of many different people in many different places working together in many different ways. *All* of them know *something* about making a pencil. But *not one* of them knows everything that needs to be known to make *even one* pencil. And the same is true for virtually *every other* good and service that is exchanged in world trade.

Milton Friedman praised Read’s essay for illustrating, with the simple pencil, the possibilities of cooperation without coercion through the workings of the “invisible hand” of the market economy, and the impossibilities of an insular self-sufficiency that depends for success on having a breadth of knowledge that often is so dispersed among so many people in so many places that it is only available to everyone *through cooperation*.³

I agree. As I see it, this is the key to understanding the significance of world trade. And, as I see it, this key can be turned only when we understand the indispensability of an international division of labor to all that we hope to achieve in the individual lives of all humanity.

Thoreau told us, in *Walden*, that he “went to the woods” because he “wished to live deliberately.”⁴ That is the common aim of all humanity. That is what we all wish for. Whoever we may be, wherever we may be, however we may define the good life, we all wish “to live deliberately.”

We all want to make life happen for us, and not just let life happen to us. We all want to use the unique talents that God gave each of us in ways that will help each of us give our lives more real and lasting meaning. And we all ask ourselves: how best can we do this?

In search of meaning in his life, Thoreau sought solitude. He sought the simplicity of self-sufficiency in the woods beside Walden Pond. His sojourn in the woods seems to suggest that the best way “to live deliberately” is to live alone, to work alone, to be alone. The message of *Walden* seems to be that we are most likely to find meaning in human isolation.

I keep reading and re-reading the writings of Henry David Thoreau because I believe that Thoreau understood human freedom. He

2. Leonard E. Read, *I, Pencil: My Family Tree as Told to Leonard E. Read*, available at www.econlib.org/library/Essays/rdPncl1.html (last visited May 6, 2003) (on file with author).

3. Milton Friedman, *Introduction*, available at www.econlib.org/library/Essays/rdPncl1.html (last visited May 6, 2003) (on file with author).

4. THOREAU, *supra* note 1, at 101.

understood that human freedom is, ultimately, about the autonomy, the integrity, and the dignity of the free individual. He understood that human freedom is *individual* freedom.

Thoreau understood also the real purpose of individual freedom. Human life *is* about living “deliberately.” It *is*, as he wrote, about confronting “the essential facts of life,” about learning what life has “to teach,” so that we will not, in the end, discover that we have not lived.⁵

But Thoreau did *not* understand how we can *each best secure* the meaningful individual freedom that will enable each of us “to live deliberately.” We cannot “live deliberately” if we choose to live in isolation. We can “live deliberately” only if we choose to live in ways that *further cooperation*.

If we take Thoreau’s advice and think for ourselves, if we think clearly, and if we think things through, then surely we will realize that we need the human cooperation of a division of labor.

Thoreau urged each of us to find meaning in life by trying to do it all ourselves. He thought it best “to oversee all the details yourself in person; to be at once pilot and captain, and owner and underwriter; to buy and sell and keep the accounts; to read every letter received, and write or read every letter sent; to superintend the discharge of imports night and day.”⁶

Thoreau would have us all seek self-sufficiency—down, as in *Walden*, to the last half-cent. He would not have us depend on other people. He would have us depend only on ourselves. He would have us *all* make *all* our own pencils. But, the truth is, we can never be entirely self-sufficient, either economically or otherwise. The truth is, we must depend on other people. We need other people. We each need other people if we hope to be able to fulfill the divine promise that is embedded deep within each and every one of us.

This was true of Thoreau—who needed someone else to make at least some of his pencils, so that he would have more time and more freedom to make all his magical essays. This is true of all of us—in as many individual ways as we have individual talents and individual dreams of using them.

Thoreau was inclined—as he once put it—to “measure distance inward and not outward.”⁷ He was right in thinking that it is essential for each of us to look inward to learn who we are and who we hope to become—as individuals. Yet, as I measure it, we must then

5. *Id.*

6. *Id.* at 51.

7. ROBERT D. RICHARDSON, HENRY THOREAU: A LIFE OF THE MIND 84 (1986) (quoting Thoreau’s Journal).

look outward, and use what we have learned about ourselves in cooperative ways that diminish our distance from others.

Thoreau was fond of paradox. He was intrigued by all the apparent contradictions in life. But one paradox he failed to see is this. Very often in life, simplicity needs complexity. The simplicity we seek as a way of inspiring self-discovery and self-fulfillment can only be found through the complexity of mutual cooperation.

For none of us can ever become all we might become unless all of us are able to develop fully all the “special” individual ways in which we all are unique. And none of us can ever develop fully as unique individuals without economic and other associations with other people.

This means we need the “specialization” of a division of labor. This means we need trade. The division of labor that is trade is a liberating force that is essential to unleashing the unique power of human thought through human initiative, incentive, invention, innovation, inspiration, imagination, ingenuity, and enterprise. It is a force for freeing the vast untapped potential for the singular creativity of humankind.

In one of his later essays, “Life Without Principle,” Thoreau lamented that—as he expressed it—“we are warped and narrowed by an exclusive devotion to trade and commerce and manufactures and agriculture and the like, which are but means, and not the end.”⁸

Thoreau was right in concluding that the chief ends of life are not producing and consuming. He was right to urge us to look beyond mere materialism to see everything that truly can give life real meaning. But he was wrong to think that the true ends of life are not served by the means of trade.

Trade is a means to all the many ends of human freedom. Trade is a means of making more choices available to more people so they can make more personal choices about how they wish to live. Freedom is about choices. Freedom is choosing. The equation between trade and freedom is this. More trade equals more choices equals more freedom.

The *division* of labor *multiplies* human *productivity*, and, thus, human *prosperity*, and, thus, human *opportunity*. It multiplies human choices, and, thus, multiplies *human freedom*. It empowers more of us “to live deliberately.” This is equally so whether we hire the teenager next door to mow our lawn, or the worker on the other side of the planet to make our pencil.

8. HENRY DAVID THOREAU, *Life Without Principle*, in THOREAU: THE MAJOR ESSAYS 283, 299 (Jeffrey L. Duncan ed., 1972) (1863).

By dividing our labor, by creating an ever-widening and ever-deepening *international* division of labor through world trade, we are establishing an economic foundation for uniting all the world in the deliberate life of freedom.

We are limited only by the reach of the market. And, more and more, the reach of the market is limited by less and less. More and more, we have more *world* trade in what is more truly a *world* economy characterized by the ever-dividing subdivisions of a more truly *international* division of labor.

In the midst of all the many controversies about world trade, we tend to forget *why* we trade. We tend to forget all the positive effects of an increasingly international division of labor in furthering and facilitating human freedom. We tend to forget what the world would be like if we *all* had to make *all* our own pencils.

In his definitive study of the history of the humble pencil—entitled *The Pencil: A History of Design and Circumstance*—Henry Petroski had much to say about Thoreau's pencil and all it illustrates. He pointed out that, before Thoreau left to go to the woods, he made an exhaustive list of everything he needed to take with him—but he forgot to mention his pencil. And, yet, Thoreau kept his pencil with him, in his pocket, all the time.⁹

Trade, too, is with us all the time, and we tend to take the positive effects of trade for granted. We take the positive effects of trade for granted when trade is the kid next door who wants to mow our lawn. And yet we fret about trade when trade is someone in some other country who wants to help make our pencil. We fret endlessly about the competition that is an inevitable part of world trade.

I have this “Number Two” pencil only because my eleven-year-old daughter, Jamey, has not yet “borrowed” it. Pencils often disappear mysteriously from the pencil box on my desk at home. Jamey likes to sharpen the pencils she “borrows” in the pencil sharpener on the corner of my desk. She sometimes sharpens a whole handful of pencils at once. I have read that the average pencil can be sharpened seventeen times, but I'm not sure this is so with the pencils that Jamey grinds so eagerly in my pencil sharpener.¹⁰

The competition in world trade is like the grinding of a pencil sharpener. It makes a lot of noise. It uses up a lot of pencils. Yet it is absolutely necessary in order to make proper use of a pencil. Only with the relentless spur of free and fair competition can trade suc-

9. HENRY PETROSKI, *THE PENCIL: A HISTORY OF DESIGN AND CIRCUMSTANCE* 4 (1990).

10. *Interesting Pencil Facts*, at www.pencils.net/facts.cfm (last visited May 6, 2003) (on file with author).

ceed. Only with the sharpened pencils of trade can we write all the words of human freedom.

But there must be rules to ensure free and fair competition in world trade. There must be rules to help free us to make more trade so that we can make more freedom. And that is why we have created the World Trade Organization. That is why we have created the much-needed but much-debated, much-maligned, and much-misunderstood “WTO.”

One common misunderstanding about the WTO is much like one common misunderstanding about the pencil. We commonly speak about a pencil “lead.” Yet the “lead” of a pencil is not really made of lead. It is made of a mixture of graphite and clay. Likewise, we commonly speak of the “WTO” as if it were some all-powerful, supranational organization that is somehow able to impose its arbitrary will on us by telling the sovereign countries of the world what to do. Yet the WTO is really nothing more than those very sovereign countries working together as the “WTO” to provide the right mix of rules the world needs to make more trade and, thus, more freedom.

The WTO is a cooperative effort by 145 countries and other customs territories to ensure the best mix of all the graphite and all the clay that will be needed to make all the many pencils that are needed by the world. This mix is made in a world trading system that serves five billion people in ninety-five percent of the world economy.

This is where I come in. I help the Members of the WTO clarify the rules of world trade, and I help them uphold the rules of world trade, so that the grinding competition of world trade will be freer, will be fairer, and will continue to make more trade and, thus, more freedom.

There are seven of us who have been appointed by the Members of the WTO to serve on the Appellate Body of the WTO. We seven work for all the Members of the WTO. We seven are independent and impartial.

When there are disputes about what the rules mean, the countries that make the rules, and that are bound by the rules, have the right to resolve those disputes in what we call the WTO dispute settlement system. The seven of us on the Appellate Body help the Members of the WTO uphold the rules by assisting them in their efforts to decide what the rules mean by drawing all the right lines in WTO dispute settlement.

Pencils are made for drawing lines, and the world needs rules for trade that draw all the right lines. The average pencil can write

45,000 words.¹¹ The average pencil can draw a line thirty-five miles long.¹² We need rules for trade that will have all the right words to draw all the right lines to take us all the long miles to freedom.

We need rules for trade on which the countries of the world have agreed. We need rules for trade that can help lower the barriers to trade, and help resolve trade disputes. We need rules for trade that can help provide the stability, the security, and the predictability that are needed for trade to be as successful as it can be in creating more freedom.

We already have many of the rules the world needs for trade. There are 30,000 pages of trade rules in the WTO Treaty. There are 13,000 pages of reports on these trade rules that have resulted thus far from WTO dispute settlement. Along with my six colleagues on the Appellate Body, I have helped the Members of the WTO draw many of the lines we need by writing many of those pages.

The many countries in the world are busy now trying to agree on the additional lines that need to be drawn in world trade. In the new worldwide trade negotiations under the auspices of the WTO, many countries are working together to make new rules for trade in the same way that many people work together to make a pencil.

But having all the rules we need for trade will not be enough.

The rules must be fair. The rules must be the same for everyone, and they must be applied to everyone in the same way. This is what is called the “rule of law.” And the rules must be upheld. Rules are not really rules unless they are upheld. In upholding the rules for trade, we are upholding the “rule of law.” Freedom is only possible within the “rule of law.” We cannot write without some kind of pencil, and we cannot be free without the lines that form the freeing framework of the law.

Only if we draw all the right lines, only if we have all the right rules, only if those rules are fairly written and fairly applied, and only if those rules are upheld, will we be able to *maximize* all the many gains that can be made for freedom through the many gains from trade. Only then will we be able to make it possible for millions more people in every part of the world “to live deliberately.”

The more trade we have, the more gains from trade we will have to maximize, and the more “deliberately” we will all be able to live. And we will have the most trade—we will have the most personal choices—we will have the most freedom—if we trade in ways that enable—that empower—each of us to do what we each do the best

11. Steve Ritter, *Pencils & Pencil Lead*, CHEMICAL & ENGINEERING NEWS, Oct. 15, 2001, at 3, available at www.pubs.acs.org/cen/whatstuff/7942sci4.html (last visited May 6, 2003) (on file with author).

12. *Id.*

when compared to others. The world will work best if we each do what we each do the best, when compared to others.

This is what the economists call our relative, “comparative advantage.” This is also the way for each of us to have the best chance to choose “to live deliberately.” Because a world in which we are each free to do what we each do the best when compared to others, is the world in which we will each be the freest to make a *deliberate* choice about how best to live.

At some basic level, Thoreau understood this. At some fundamental level, he understood the need for a division of labor that enables each of us to meet and beat competition by using and making “comparative advantage.” The evidence is not in what he *said*. It is in what he *did*. It is in what Thoreau did about Thoreau’s pencil.

Thoreau rejected his father’s advice to make a career of making pencils. He preferred to wander in the woods and write essays at Walden Pond.

But Thoreau was an American writer of American books. He was very much an American. And, when the going gets tough, we Americans don’t go live alone in the woods. We don’t flee the world. And we don’t fear the world. We face the world, and we face all the tough challenges the world presents.

Sometimes those challenges are in trade. Sometimes those challenges are in space. Sometimes those challenges are in some far dark corner of the world. Wherever and whatever those challenges are, we Americans always—always—meet them.

Thus, when competition from foreign pencils threatened to drive his father out of business, Thoreau went back to work at his father’s pencil company. In the face of the foreign competition, he showed up to save the family livelihood.¹³

Thoreau spent long hours in the Harvard library studying the finer points of pencil technology. He developed a new grinding mill, a new pipe-forming machine, new water wheel designs, and all sorts of new processes for making pencils. He discovered a new way of mixing clay with graphite to make a superior pencil lead. But, most important of all, he discovered a way of varying the mix so that he could vary the hardness of the pencil lead.

This discovery saved his father’s company by making it the first American company to produce pencils with grades that varied ac-

13. See VAN WYCK BROOKS, *THE FLOWERING OF NEW ENGLAND* 435-36 (Everyman’s Library 1952); John H. Lienhard, *Thoreau’s Pencils*, at <http://www.uh.edu/engines/epi339.htm> (last visited May 6, 2003) (on file with author).

ording to their hardness. The Thoreau pencils were numbered one, *two*, three, and four.¹⁴

Thoreau knew what we need to do to meet the challenge of world trade.

We need to make a better pencil.

Make one he did. And, in making a better pencil, Thoreau showed why this pencil I hold today truly is “Thoreau’s pencil.”

By making it possible to produce pencils that vary in hardness, Henry David Thoreau helped give us this—and every other—“Number Two” pencil.

14. PETROSKI, *supra* note 9, at 118-19.