



# THINKING OUTSIDE THE BOX

## STEVE DAVIES casts an economist's eye on **FREEDOM of THOUGHT**

In theory most people welcome the idea of free speech and discussion.

Freedom of thought is the subject of much discussion nowadays with many controversies.

Much of this debate is conducted using the language of philosophy, with arguments about rights and competing rights.

However, we can also think about it using economic concepts and perspectives. Looking at freedom of thought as an economic and

social good leads to some interesting conclusions.

In some sense freedom of thought always exists as the interior processes of the mind are beyond control. However, thoughts only have value, to their formulator and others, if they can be expressed.

Freedom of thought means nothing without freedom of speech and expression. This also makes sense economically. A thought or idea that is not expressed or circulated has no value. Once expressed it has value for both originator and

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recipient or consumer.

However, most of the value created by free expression takes the form of externalities, benefits that accrue to people other than the originator and recipient.

This happens in two ways. One is the way in which bystanders benefit from what are originally ideas or expressions (such as works of art) produced for sale to buyers.

The main one, however, is the connection between freely expressed, circulated, and exchanged ideas and innovation and invention. This in turn leads to economic growth and cultural and lifestyle enrichment and variety.

The easier it is for thought to find expression in words, images and actions, and the more widely and easily these are shared, consumed and disseminated, the greater these external benefits. We can draw two conclusions from this.

Firstly, it is public communication of ideas that creates value more than private communication. An idea expressed in private correspondence brings benefits to the two parties but has only an indirect wider impact (if any). Ideas and thoughts that are publicly expressed are the ones that create the spillover effects.

Secondly, as J. S. Mill argued, you need pluralism and variety of ideas and perspectives,

and open and unhindered exchange between them, both in debates and in borrowing or synthesis.

What you do not want is an orthodoxy or consensus that leaves no room for debate and experimentation; that is the intellectual equivalent of a monopoly and just as harmful as an economic one.

That in turn means that you do not want the cost of expressing unconventional views to be so high as to deter it, whether that takes the

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form of legal barriers or social disapproval and shunning.

However, the economic way of thinking will make us qualify that argument. It may be that some ideas and their expression can produce negative externalities as well as positive, by for example inciting violent behaviour.

So, although you do not want the costs of freedom of thought to be so high as to stop it, you want there to be a cost as well for certain kinds of speech (in economics the negative externalities should be internalised).

This can take the form of

reputational loss or things like reduced employment opportunities. The question is how to strike the balance. Economics helps again here. It shows that free exchange functions best when it happens in a particular institutional environment.

In the context of thought and expressions this means things such as social norms of courtesy and rules of debate and engagement. It means having social and commercial institutions through which expression and debate take place, such as universities and the press.

Additionally, it means regulation by property rights – nobody has an unlimited right of expression on someone else's property.

These kinds of institutions

minimise the external costs while allowing pluralism and varied expression. What you must not do is allow the monopolistic supplier of violence (the state) to do the regulation (outside strictly defined public spaces).

In the fraught atmosphere of today, looking at freedom of thought in economic terms, as a matter of costs and benefits, may seem perverse – but it can actually be helpful and clarifying.

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