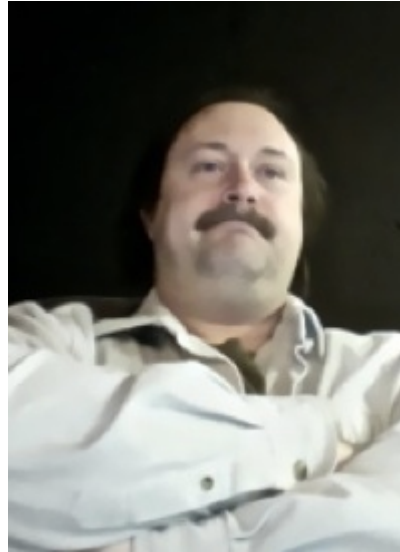




iPhones and Freedom

Woolley was in Haiti to make a film about the effects of poverty on the people of that unfortunate nation. Because he was practicing a skill — filmmaking — that relies on ever increasing amounts of technology it's no surprise that he was well equipped with the tools of his trade when the quake hit, namely, a DSLR camera and an iPhone.

As it turns out, these devices were essential to his survival. According to the MSNBC report discussing Woolley's ordeal, he "had taken refuge in an elevator shaft, where he used an iPhone first-aid app to treat a compound fracture of his leg and a cut on his head. He had already used his digital SLR camera's focusing light to illuminate his surroundings, and taken pictures of the wreckage to help find a safe place to wait to be rescued — or to die."



While interesting in and of itself, Woolley's survival based on these devices is interesting in a larger sense in that it teaches us something about the relative utility of differing economic systems. Consider the current debate about the comparative merits of the U.S. economic system versus the European economic system. As [Clive Crook points out](#) in the *National Journal*, it has become fashionable for some Europeans and American Europhiles to claim that the European socialist economic system is morally and functionally superior to the somewhat less socialized economic system in the United States. Paul Krugman of the *New York Times* and Jonathan Chait of *The New Republic* are Europhiles, Crook observes, who are among those arguing that America's faster economic growth compared to Europe's can be boiled down to nothing more than faster population growth in the U.S., making the apparently higher American living standard an illusion and nothing more. This line of thinking is defensive, and allows Europhiles to continue to smugly discount America as a coarse and barbaric nation.

Unfortunately for Chait and Krugman and other Europhiles, this amounts to politically motivated self-delusion, made irritating, if not dangerous, by the fact that the Krugmans of the world are "public intellectuals" whose pronouncements, right or wrong, end up informing public policy. Contrary to their self-delusion, there is plenty of evidence to suggest that the EU state socialist approach is detrimental to the economic well being of the people of Europe.

An unlikely, if anecdotal, source of this evidence comes from the Travel Channel's Anthony Bourdain, whose unorthodox global treks land him in exotic locales for the program "No Reservations." [A recently aired episode of the program](#) had Bourdain in Istanbul where he dined with a Turkish family and experienced what to an American palate would be considered an unusual selection of traditional "delicacies." At the table, discussion turned to politics and the notion that Turkey would possibly join the European Union, whereupon one of the family members trenchantly observed that under EU



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regulations, many of the traditional dishes of Turkish cuisine would be made illegal.

How would that impact the living standards of Turkish citizens? Certainly it would put out of business those fisherman, farmers, and distributors who participate in the elements of the Turkish economy that supply the materials for such cuisine. A small issue, perhaps, on its own — but thousands of similar regulations can stifle an economy.

That is exactly what happens in socialist states, where regulation, supposedly intended to benefit the underprivileged and address other perceived dislocations wrongly thought to be endemic to the free market, proliferates. Under such conditions, certain outcomes can be expected, including low or negative growth rates, lack of innovation, relative poverty, and the flight of the upper middle class.

All of these are happening in Europe. Consider this observation from Clive Crook in the *National Journal* when discussing which he thinks is better, the European or American model: “You can guess which I prefer, because like many other Europeans I have chosen to live in the United States.” This, succinctly, is the flight of the upper middle concrete form.

Then there are the statistics which lend solid credence to the anecdotes. Cook cites some illuminating facts from Mark Perry of the University of Michigan who notes:

Although [the] Netherlands, Sweden, and Denmark are among Europe’s wealthiest countries, as U.S. states they would be between 14.5 percent and 18 percent below the U.S. average.... If France became a U.S. state, it would rank No. 48 out of 51 by per capita [gross domestic product], just barely ahead of America’s two poorest states, West Virginia and Mississippi.... Belgium, Finland, Britain, Germany, and Spain would rank in the bottom 20 percent of U.S. states by per capita GDP, just barely ahead of Arkansas but below Kentucky.

Crook also cites Harvard economist [Greg Mankiw who has pointed out](#) that there is a large disparity in incomes between the U.S. and Europe. Average income in the U.S., according to Mankiw, is about \$47,000 while in Britain and Germany, it hovers around \$36,000. It gets lower as you move to less prosperous European nations. “Overall,” says Cook, “U.S. living standards are more than one-third higher than in Europe.”



That gets us back to Dan Woolley and his iPhone and DSLR camera. These are devices of stunning complexity created at extreme cost in terms of development expense. As with other technology based products, development and deployment is more likely going to occur in more unregulated and free environments than in the heavily regulated environments created by socialist systems.

If we consider Europe to be the latter, then we would expect less native technological development than elsewhere. And, in fact, most DSLRs are not made in Europe. To be honest, they are not made in the U.S. either, though that does not mean that tech development is stifled in the U.S. If we look at technology development more broadly, then the dominance of the U.S. becomes much more clear. Consider software, and operating systems specifically. Microsoft Windows dominates the world’s desktops. Apple’s OS X operating system, while not enjoying as large an installed base, is likewise noteworthy, particularly so considering that Dan Woolley’s iPhone is powered by a version of OS X.

This could be extended further, as the U.S. leads the way in the development of many technologies. For that matter, so does Japan (consider the DSLR, for instance). But why not Europe?

Simply, it takes a stable economic environment in which there is the possibility of substantial reward to



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make the effort and expense of developing a technology based product worthwhile. In an economic environment choked with regulation and distinguished by the probability that numberless bureaucrats and a multiplicity of agencies may create yet more regulation, both stability and potential reward are diminished. As a result, the expense of large and speculative development efforts becomes less attractive, and less likely.

Over a period of time, a society bent on a socialistic regulatory regime will experience downward slope toward bankruptcy. The classic example was the Soviet Union. Economic regulation there was thorough, with the only flourishing segment being the black market. Ultimately, that resulted in the failure of the Soviet bloc.

This is a lesson that the United States must now learn. Since Reagan, the U.S. has been steadily implementing a socialist regulatory regime. It has not progressed as far as that in Europe, but it certainly could, if not stopped. This is a [trend also noted by Harvard economist Mankiw](#). On his blog on January 13, he argued: "With the pending passage of the healthcare bill and the more general expansion in the size of government, the United States of the future will in some ways start looking more like Western Europe today."

Should that eventuality come to pass, unlike Dan Woolley today, some future disaster victim will not likely have the benefit of new lifesaving technology when it is needed most.

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