

I, Pencil



My Family Tree as told to
Leonard E. Read



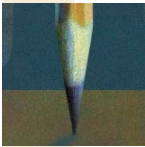


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Leonard E. Read

Introduction by Richard M. Ebeling
Afterword by Milton Friedman

Foundation for Economic Education
Irvington-on-Hudson, New York 10533



Leonard E. Read (1898–1983) established the Foundation for Economic Education in 1946. For the next 37 years he served as FEE’s president and labored tirelessly to promote and advance liberty. He was a natural leader who, at a crucial moment in American history, roused the forces defending individual freedom and private property.

His life is a testament to the power of ideas. As President Ronald Reagan wrote: “Our nation and her people have been vastly enriched by his devotion to the cause of freedom, and generations to come will look to Leonard Read for inspiration.”

Read was the author of 29 books and hundreds of essays. “I, Pencil,” his most famous essay, was first published in 1958. Although a few of the manufacturing details and place names have changed, the principles endure.

This new edition of “I, Pencil” was made possible by the generosity of John A. Kasch, M.D.



Introduction

BY RICHARD M. EBELING

It is a rare gift to be able to take the complex and abstract and reduce it to commonsensical terms without losing any of the essentials of the argument. Leonard E. Read had that rare talent. In “I, Pencil” he conveys the true miracle of the market by telling the family history of an ordinary object of everyday life—an old-fashioned writing instrument.

How often do we hear that modern life is so complex that government must impose its guiding hand to assure order in society? Yet in the following pages Leonard Read demonstrates how futile it is for any one mind or even a group of great minds to try to undertake the task of bringing into existence everyday goods and services that we take for granted.

We go to the shopping mall, and the retail stores are brimming with items we may wish to buy. We enter the supermarket or grocery store, and the aisles are filled with shelf after shelf of foods and related commodities to meet our wants and needs. We drive our car on a vacation, and in every town or city along the way store after store offers us all the amenities for enjoying our journey.

Where did all these goods and services come from? Who produced and supplied them? How did all the millions of people involved in their manufacture and provision know where and how to apply their particular talents and abilities to make their respective contributions to the final result?

As Read says, even the wisest of the wise would not know how to direct and coordinate all the activities that encompass





the actions of individuals dispersed across countries and continents. Only freedom supplies the means of fulfilling these seemingly infinite and interrelated tasks. And all of it is done through an “invisible hand,” a phrase made famous by Adam Smith in *The Wealth of Nations* (1776).

All of us can be left at liberty to choose and act as we think individually to be best, and our decisions will be spontaneously brought into harmony through the prices of the market. Prices inform others what it is that we may want to purchase. Those same prices also tell those others at what remuneration we would be willing to do various things for them. We are each left free to apply our creativity in ways we hope will better our circumstances. But to do so we must apply ourselves in ways that others value. Otherwise we cannot earn the income that enables us to buy what others offer in exchange.

How much more effective is freedom than a system of government command and control! Why constrain our individual creative and productive actions to what the limited minds of any group of planners and regulators can attempt to comprehend and appreciate?

By tracing the “family tree” of an ordinary pencil, Leonard Read demonstrates the importance of humility. Let us stop and think before we pass power into the hands of those in political authority, no matter how well intentioned they may be, under the illusion that they have the knowledge to successfully design and direct our lives.

If we learn this simple but profound lesson, we may yet stop and reverse the continuing tendency to delegate power to social engineers who want to mastermind our existence and well-being.

Instead, the eloquently expressed insight of Leonard E. Read’s “I, Pencil” may help us sketch a new path to liberty.

Dr. Richard M. Ebeling is the president of the Foundation for Economic Education.



I, Pencil

BY LEONARD E. READ

I am a lead pencil—the ordinary wooden pencil familiar to all boys and girls and adults who can read and write.

Writing is both my vocation and my avocation; that's all I do.

You may wonder why I should write a genealogy. Well, to begin with, my story is interesting. And, next, I am a mystery—more so than a tree or a sunset or even a flash of lightning. But, sadly, I am taken for granted by those who use me, as if I were a mere incident and without background. This supercilious attitude relegates me to the level of the commonplace. This is a species of the grievous error in which mankind cannot too long persist without peril. For, the wise G. K. Chesterton observed, “We are perishing for want of wonder, not for want of wonders.”

I, Pencil, simple though I appear to be, merit your wonder and awe, a claim I shall attempt to prove. In fact, if you can understand me—no, that's too much to ask of anyone—if you can become aware of the miraculousness which I symbolize, you can help save the freedom mankind is so unhappily losing. I have a profound lesson to teach. And I can teach this lesson better than can an automobile or an airplane or a mechanical dishwasher because—well, because I am seemingly so simple.

Simple? Yet, *not a single person on the face of this earth knows how to make me.* This sounds fantastic, doesn't it? Especially when it is realized that there are about one and one-half billion of my kind produced in the U.S.A. each year.





Pick me up and look me over. What do you see? Not much meets the eye—there's some wood, lacquer, the printed labeling, graphite lead, a bit of metal, and an eraser.

Innumerable Antecedents

Just as you cannot trace your family tree back very far, so is it impossible for me to name and explain all my antecedents. But I would like to suggest enough of them to impress upon you the richness and complexity of my background.

My family tree begins with what in fact is a tree, a cedar of straight grain that grows in Northern California and Oregon. Now contemplate all the saws and trucks and rope and the countless other gear used in harvesting and carting the cedar logs to the railroad siding. Think of all the persons and the numberless skills that went into their fabrication: the mining of ore, the making of steel and its refinement into saws, axes, motors; the growing of hemp and bringing it through all the stages to heavy and strong rope; the logging camps with their beds and mess halls, the cookery and the raising of all the foods. Why, untold thousands of persons had a hand in every cup of coffee the loggers drink!

The logs are shipped to a mill in San Leandro, California. Can you imagine the individuals who make flat cars and rails and railroad engines and who construct and install the communication systems incidental thereto? These legions are among my antecedents.

Consider the millwork in San Leandro. The cedar logs are cut into small, pencil-length slats less than one-fourth of an inch in thickness. These are kiln dried and then tinted for the same reason women put rouge on their faces. People prefer that I look pretty, not a pallid white. The slats are waxed and kiln dried again. How many skills went into the making of the tint and the kilns, into supplying the heat, the light and power, the belts, motors, and all the other things a mill requires?



Sweepers in the mill among my ancestors? Yes, and included are the men who poured the concrete for the dam of a Pacific Gas & Electric Company hydroplant which supplies the mill's power!

Don't overlook the ancestors present and distant who have a hand in transporting sixty carloads of slats across the nation.

Once in the pencil factory—\$4,000,000 in machinery and building, all capital accumulated by thrifty and saving parents of mine—each slat is given eight grooves by a complex machine, after which another machine lays leads in every other slat, applies glue, and places another slat atop—a lead sandwich, so to speak. Seven brothers and I are mechanically carved from this “wood-clinched” sandwich.

My “lead” itself—it contains no lead at all—is complex. The graphite is mined in Ceylon [Sri Lanka]. Consider these miners and those who make their many tools and the makers of the paper sacks in which the graphite is shipped and those who make the string that ties the sacks and those who put them aboard ships and those who make the ships. Even the lighthouse keepers along the way assisted in my birth—and the harbor pilots.

The graphite is mixed with clay from Mississippi in which ammonium hydroxide is used in the refining process. Then wetting agents are added such as sulfonated tallow—animal fats chemically reacted with sulfuric acid. After passing through numerous machines, the mixture finally appears as endless extrusions—as from a sausage grinder—cut to size, dried, and baked for several hours at 1,850 degrees Fahrenheit. To increase their strength and smoothness the leads are then treated with a hot mixture which includes candellilla wax from Mexico, paraffin wax, and hydrogenated natural fats.

My cedar receives six coats of lacquer. Do you know all the





ingredients of lacquer? Who would think that the growers of castor beans and the refiners of castor oil are a part of it? They are. Why, even the processes by which the lacquer is made a beautiful yellow involve the skills of more persons than one can enumerate!

Observe the labeling. That's a film formed by applying heat to carbon black mixed with resins. How do you make resins and what, pray, is carbon black?

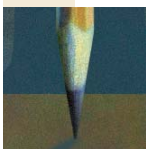
My bit of metal—the ferrule—is brass. Think of all the persons who mine zinc and copper and those who have the skills to make shiny sheet brass from these products of nature. Those black rings on my ferrule are black nickel. What is black nickel and how is it applied? The complete story of why the center of my ferrule has no black nickel on it would take pages to explain.

Then there's my crowning glory, inelegantly referred to in the trade as "the plug," the part man uses to erase the errors he makes with me. An ingredient called "factice" is what does the erasing. It is a rubber-like product made by reacting rapeseed oil from the Dutch East Indies [Indonesia] with sulfur chloride. Rubber, contrary to the common notion, is only for binding purposes. Then, too, there are numerous vulcanizing and accelerating agents. The pumice comes from Italy; and the pigment which gives "the plug" its color is cadmium sulfide.

No One Knows

Does anyone wish to challenge my earlier assertion that no single person on the face of this earth knows how to make me?

Actually, millions of human beings have had a hand in my creation, no one of whom even knows more than a very few of the others. Now, you may say that I go too far in relating the picker of a coffee berry in far-off Brazil and food growers elsewhere to my creation; that this is an extreme position. I shall



stand by my claim. There isn't a single person in all these millions, including the president of the pencil company, who contributes more than a tiny, infinitesimal bit of know-how. From the standpoint of know-how the only difference between the miner of graphite in Ceylon and the logger in Oregon is in the *type* of know-how. Neither the miner nor the logger can be dispensed with, any more than can the chemist at the factory or the worker in the oil field—paraffin being a by-product of petroleum.

Here is an astounding fact: Neither the worker in the oil field nor the chemist nor the digger of graphite or clay nor any who mans or makes the ships or trains or trucks nor the one who runs the machine that does the knurling on my bit of metal nor the president of the company performs his singular task because he wants me. Each one wants me less, perhaps, than does a child in the first grade. Indeed, there are some among this vast multitude who never saw a pencil nor would they know how to use one. Their motivation is other than me. Perhaps it is something like this: Each of these millions sees that he can thus exchange his tiny know-how for the goods and services he needs or wants. I may or may not be among these items.

No Master Mind

There is a fact still more astounding: The absence of a master mind, of anyone dictating or forcibly directing these countless actions which bring me into being. No trace of such a person can be found. Instead, we find the Invisible Hand at work. This is the mystery to which I earlier referred.

It has been said that "only God can make a tree." Why do we agree with this? Isn't it because we realize that we ourselves could not make one? Indeed, can we even describe a tree? We cannot, except in superficial terms. We can say, for instance, that a certain molecular configuration manifests



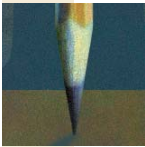


itself as a tree. But what mind is there among men that could even record, let alone direct, the constant changes in molecules that transpire in the life span of a tree? Such a feat is utterly unthinkable!

I, Pencil, am a complex combination of miracles: a tree, zinc, copper, graphite, and so on. But to these miracles which manifest themselves in Nature an even more extraordinary miracle has been added: the configuration of creative human energies—millions of tiny know-hows configuring naturally and spontaneously in response to human necessity and desire and *in the absence of any human masterminding!* Since only God can make a tree, I insist that only God could make me. Man can no more direct these millions of know-hows to bring me into being than he can put molecules together to create a tree.

The above is what I meant when writing, “If you can become aware of the miraculousness which I symbolize, you can help save the freedom mankind is so unhappily losing.” For, if one is aware that these know-hows will naturally, yes, automatically, arrange themselves into creative and productive patterns in response to human necessity and demand—that is, in the absence of governmental or any other coercive master-minding—then one will possess an absolutely essential ingredient for freedom: a *faith in free people*. Freedom is impossible without this faith.

Once government has had a monopoly of a creative activity such, for instance, as the delivery of the mails, most individuals will believe that the mails could not be efficiently delivered by men acting freely. And here is the reason: Each one acknowledges that he himself doesn’t know how to do all the things incident to mail delivery. He also recognizes that no other individual could do it. These assumptions are correct. No individual possesses enough know-how to perform a nation’s mail delivery any more than any individual possesses enough know-how to make a pencil. Now, in the absence of faith in free





people—in the unawareness that millions of tiny know-hows would naturally and miraculously form and cooperate to satisfy this necessity—the individual cannot help but reach the erroneous conclusion that mail can be delivered only by governmental “masterminding.”

Testimony Galore

If I, Pencil, were the only item that could offer testimony on what men and women can accomplish when free to try, then those with little faith would have a fair case. However, there is testimony galore; it’s all about us and on every hand. Mail delivery is exceedingly simple when compared, for instance, to the making of an automobile or a calculating machine or a grain combine or a milling machine or to tens of thousands of other things. Delivery? Why, in this area where men have been left free to try, they deliver the human voice around the world in less than one second; they deliver an event visually and in motion to any person’s home when it is happening; they deliver 150 passengers from Seattle to Baltimore in less than four hours; they deliver gas from Texas to one’s range or furnace in New York at unbelievably low rates and without subsidy; they deliver each four pounds of 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!

The lesson I have to teach is this: *Leave all creative energies uninhibited.* Merely organize society to act in harmony with this lesson. Let society’s legal apparatus remove all obstacles the best it can. Permit these creative know-hows freely to flow. Have faith that free men and women will respond to the Invisible Hand. This faith will be confirmed. I, Pencil, seemingly simple though I am, offer the miracle of my creation as testimony that this is a practical faith, as practical as the sun, the rain, a cedar tree, the good earth.





Afterword

BY MILTON FRIEDMAN

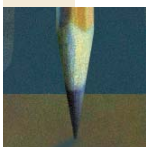
Nobel Laureate, 1976

Leonard Read's delightful story, "I, Pencil," has become a classic, and deservedly so. I know of no other piece of literature that so succinctly, persuasively, and effectively illustrates the meaning of both Adam Smith's invisible hand—the possibility of cooperation without coercion—and Friedrich Hayek's emphasis on the importance of dispersed knowledge and the role of the price system in communicating information that "will make the individuals do the desirable things without anyone having to tell them what to do."

We used Leonard's story in our television show, "Free to Choose," and in the accompanying book of the same title to illustrate "the power of the market" (the title of both the first segment of the TV show and of chapter one of the book). We summarized the story and then went on to say:

"None of the thousands of persons involved in producing the pencil performed his task because he wanted a pencil. Some among them never saw a pencil and would not know what it is for. Each saw his work as a way to get the goods and services he wanted—goods and services we produced in order to get the pencil we wanted. Every time we go to the store and buy a pencil, we are exchanging a little bit of our services for the infinitesimal amount of services that each of the thousands contributed toward producing the pencil.

"It is even more astounding that the pencil was ever produced. No one sitting in a central office gave orders to these thousands of people. No military police enforced the orders





that were not given. These people live in many lands, speak different languages, practice different religions, may even hate one another—yet none of these differences prevented them from cooperating to produce a pencil. How did it happen? Adam Smith gave us the answer two hundred years ago.”

“I, Pencil” is a typical Leonard Read product: imaginative, simple yet subtle, breathing the love of freedom that imbued everything Leonard wrote or did. As in the rest of his work, he was not trying to tell people what to do or how to conduct themselves. He was simply trying to enhance individuals’ understanding of themselves and of the system they live in.

That was his basic credo and one that he stuck to consistently during his long period of service to the public—not public service in the sense of government service. Whatever the pressure, he stuck to his guns, refusing to compromise his principles. That was why he was so effective in keeping alive, in the early days, and then spreading the basic idea that human freedom required private property, free competition, and severely limited government.





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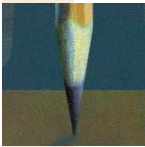
Freedom's Home Since 1946

The Foundation for Economic Education (FEE), the oldest free-market organization in the United States, was established in 1946 by Leonard E. Read to study and advance the freedom philosophy. FEE's mission is to offer the most consistent case for the first principles of freedom: the sanctity of private property, individual liberty, the rule of law, the free market, and the moral superiority of individual choice and responsibility over coercion.

The Foundation's periodicals *The Freeman: Ideas on Liberty* and *Notes from FEE* present timeless insights on the positive case for human liberty to thousands of people around the world. Throughout the year FEE's lecture series, programs, and seminars bring together hundreds of individuals of all ages to explore the foundations of free enterprise and market competition. The Foundation plays a major role in publishing and promoting numerous essential books on the freedom philosophy.

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