

Opinion: Demise of Kodak a good example of a free market

By Thomas Sowell

The news that Eastman Kodak is preparing to file for bankruptcy, after being the leading photographic company in the world for more than a hundred years, truly marks the end of an era.

The skills required to use the cameras and chemicals required by the photography of the mid-19th century were far beyond those of most people – until a man named George Eastman created a company called Kodak, which made cameras that ordinary people could use.

It was Kodak's humble and affordable box Brownie that put photography on the map for millions of people, who just wanted to take simple pictures of family, friends and places they visited.

As the complicated photographic plates used by 19th century photographers gave way to film, Kodak became the leading film maker of the 20th century. But sales of film declined for the first time in 2000, and sales of digital cameras surpassed the sales of film cameras just 3 years later. Just as Kodak's technology made older modes of photography obsolete more than a hundred years ago, so the new technology of the digital age has left Kodak behind.

Great names of companies in other fields have likewise vanished as new technology brought new rivals to the forefront, or else made the whole product obsolete, as happened with typewriters, slide rules and other products now remembered only by an older generation. That is what happens in a market economy and we all benefit from it as consumers.

Unfortunately, that is not what happens in government. The post office is a classic example. Post offices were once even more important than Eastman Kodak, and for a longer time, as the mail provided vital communications linking people and organizations across thousands of miles. But, today, technology has moved even further beyond the post office than it has beyond Eastman Kodak.

The difference is that, although the Postal Service is technically a private business, its income doesn't cover all its costs – and taxpayers are on the hook for the difference.

Moreover, the government makes it illegal for anyone else to put anything into your mail box, even though you bought the mail box and it is your property. That means you don't have the option to have some other private company deliver your mail.

In India, when private companies like Federal Express and United Parcel Service were allowed to deliver mail, the amount of mail delivered by that country's post offices was cut in half between 2000 and 2005.

What should be the fate of the Postal Service in the United States? In a sense, no one really knows. Nor is there any reason why they should.

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