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‘Air,’ Adam Smith, and how US fosters agency

Your Turn

Mark Zupan Guest columnist

The peripatetic political economist Adam Smith based his seminal work, “The Wealth of Nations,” on observations from his European travels at the onset of the Industrial Revolution. Smith noted how a country’s success depended fundamentally on the extent to which it afforded agency to its citizens to innovate and trade rather than through a mercantilist and typically autocratic approach focused on accumulating reserves of precious metals through exports, colonization and/or plunder.

Going to the theater recently to see the movie “Air” underscored the enduring validity of Smith’s observation about the power of agency nearly two and a half centuries after the publication of his magnum opus. The film recounts how being mindful of who stepped into a shoe—an Air Jordan in this case—created significant wealth. That wealth went to basketball star Michael Jordan and the company, Nike, that was willing to grant agency to Jordan in the making and marketing of the shoe. This occurred in the nation that arguably has been the most open to providing such agency to its citizens since 1776.

Jordan now makes almost \$400 million annually licensing his name to Nike – quadruple what he earned during his entire basketball playing career as the top player of his heyday. He is a multibillionaire who owns the Charlotte Hornets and has founded an impactful philanthropic foundation.

Nike makes over \$5 billion annually on sales of its Jordan Brand. The company, based in Beaverton, Oregon, is the world’s top sports apparel firm with sneaker sales being pivotal to its rise from fledgling upstart in 1985 to global prominence.

Not only has the Jordan Brand profited the relevant participants, its example and the further efforts of Sonny Vaccaro, one of the protagonists at Nike in the film “Air,” are giving greater agency to college student-athletes whose earnings historically have been limited by the NCAA. The social justice benefits beginning to derive to college studentathletes from name, image, and likeness (NIL) opportunities are but the tip of the proverbial iceberg.

Being in a movie theater for the first time since the start of the pandemic also proved to be eye-opening in terms of how much movie theater operators have been innovating to overcome the challenges of COVID and market dynamics. These acts of agency include reclining, assigned seats that mimic the creature comforts of viewing entertainment from home and that are differentially priced based on the quality of the entertainment experience; all-you-canview monthly subscription services mimicking the approach used by streaming services; charging extra for the butter on your popcorn and other such traditionally free add-ons; the altered focus of advertisements/previews prior to your own feature playing; and growing electronic pre-purchase of tickets and point of sale ticket retail being combined with food/drink sales so as help with staffing shortages.

The subject matter on which films draw, furthermore, has shifted perceptibly. The two top grossing movies a few weeks ago, ahead of “Air” in third place, are based on gaming (“The Super Mario Bros Movie.” and “Dungeons & Dragons”). This was a reflection no doubt of the fact that the annual revenues associated with gaming are five times as large as total box office revenues as well as recorded music sales.

Why the growing relative popularity

of gaming? Experts believe the fundamental reason is that gaming provides greater agency to participants than movies and music. A key explanation for Disney's present predicament is the slowness with which it has moved to incorporating gaming into its product portfolio; much like Kodak failed to embrace digital.

At a recent dinner with friends, we reflected on how various entrepreneurial services now give us greater agency with so many critical aspects of our lives. There are apps that provide second- by-second tracking of health and fitness (Fitbit); the weather; financial markets; motor vehicle traffic (Wayz); and air travel (Flight Aware).

We wondered about additional such opportunities for improving our lives in the wake of the stabbing death of an IT executive in San Francisco last month. While police later determined the executive was killed by someone he knew, the initial news made us wonder if individuals could be helped by an app that alerted to the safety of the neighborhood they were about to traverse? I learned from a work colleague a few days later that there are emerging apps such as SpotCrime and Citizen that can alert you to crimes and emergencies nearby.

Here's to the ongoing power of agency that Adam Smith aptly noted long ago and that the movie "Air" so effectively illustrates.

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