



Why Oswald Rabbit Isn't as Famous as Mickey Mouse

David Henderson | MARCH 7, 2012

In his book, *Knowledge and Decisions*, one of my favorite books he has written, Thomas Sowell, in a section on "The Physical Fallacy," writes:

A revealing episode in the early career of Walt Disney may illustrate the physical fallacy on a smaller and more human scale. Back in the 1920s, when Disney first emerged as a cartoonist, his early successes led him to found a studio and to employ other artists to draw the thousands of pictures required for animated cartoon movies. Disney Studios was particularly successful with an early cartoon character called Oswald Rabbit, whose copyright was held by a movie distributor rather than by Disney. This distributor decided to eliminate the need to pay Disney by hiring away his cartoonists and both producing and marketing the product. From the standpoint of the physical fallacy, Disney was superfluous. He neither drew the cartoons nor transported the films to theaters nor showed them to the public. The distributor, with the Disney staff and the copyright on Disney's character, expected to profit from his coup--but without Disney's ideas the previously valuable character suddenly became worthless as a money-maker at the box office. What had really been sold all along were Disney's ideas and fantasies. The physical things--the drawings, the film, and the theaters--were merely vehicles. It was only a matter of time before another set of vehicles could be arranged and the ideas incorporated in a new character--Mickey Mouse--which Disney copyrighted in his own name.

I thought of this when reading [David Friedman's comment](#) on [Arnold Kling's post this morning](#) on Cato and the Kochs. David pointed out that what makes Cato what it is is not the building it occupies. If the Koch brothers succeed in their takeover, they will have a building and a number of copyrights. The analogy with the Oswald Rabbit story is not perfect because the movie distributor hired the talent too. Some talent will probably stay with Cato and other talent could leave to a new organization with the same goals and modus operandi of the current Cato Institute. Of course, the name of the new organization would not be Cato. But in this age when it's so easy to get out the word, many people would see pretty quickly that the new organization is the old Cato that they liked.

Of course, there would be adjustment costs and I don't mean to minimize that problem. Also, just as I hate to see divorces between good people, I hate to see conflict between people I admire.