



Comment on the Commentary of the Day

by

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Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed but many were not. The original articles that are being commented on may or may not be available on the internet and may require registration or subscription to access if they are. Some of the original articles are syndicated and therefore may have appeared in other publications also.

27 September 2009

Mr. Mark _____
Proprietor, www.ssotu.com
Melbourne, Australia

Dear Mr. _____:

In response to my posts in support of free trade you keep e-mailing me, and posting in the comments section of my blog Market Correction, the following:

"American economics professors - as of tomorrow your lectures will be delivered via videoconferencing screens from Asia for only 10% of your salaries...

HOW WILL YOU FEED YOUR FAMILIES?"

I ignore the innumerable economic fallacies, and your ignorance of the data, that underlie your apparent assumption that imports from lower-wage countries impoverish citizens of higher-wage countries. And I grant that economic change and stiffer competition (including from the opening up of foreign sources of supply) often lower the pay of some domestic workers.

So I take your question at face value. My answer to it

is this: I'll find a way to feed my family. I'll get another job (or jobs). I'll cut back on less-essential expenses. If I must, I'll rely on my family and close friends as I hope they would rely on me if they were in dire straits.

But I will not, under any circumstances, use my economic misfortune as an excuse to violate the freedoms of others. What right have I to demand that other people continue to pay me \$X when they can get the same service elsewhere at a lower price, whether that lower price be \$.99X or \$.1X? It is a perverted moral creed that justifies my threatening

violence against persons who once paid me handsomely but who now choose to spend their earnings differently. Such a moral creed is fundamentally inhuman, for not only does it make everyone a slave to everyone else, its widespread application would impoverish both our wallets and our character.

26 September 2009

Editor, The Wall Street Journal
200 Liberty Street
New York, NY 10281

To the Editor:

Mark Seelye accuses Michael Moore of hypocrisy in bemoaning capitalism - the economic system that enables Mr. Moore's films to reach millions of people and, in the process, make Mr. Moore very wealthy (Letters, Sept. 26).

I'm unconvinced. A communist-party leader might sincerely come to bemoan communism despite the fact that his lofty position is made possible by communism.

A better explanation for Mr. Moore's hostility to capitalism is that on matters of economics (though not of film-making)

Mr. Moore is just plain dumb. As Joseph Schumpeter explained in his analysis of the seething hostility to capitalism, "the typical citizen drops down to a lower level of mental performance as soon as he enters the political field. He argues and analyzes in a way which he would readily recognize as infantile within the sphere of his real interests. He becomes a primitive again." [Joseph A. Schumpeter, CAPITALISM, SOCIALISM, AND DEMOCRACY (Harper, 1942), p. 262]

Michael Moore isn't hypocritical, merely primitive.

25 September 2009

Friends,

Recently minted GMU Economics PhD Kail Padgitt wrote this hot-off-the-press study, for the Tax Foundation, on the business climates of the 50 U.S. states:
<http://www.taxfoundation.org/research/show/22658.html>

24 September 2009

Editor, The New Republic

Dear Editor:

Richard Posner courageously opens up shop in the highly competitive seventy-three year-old industry of telling the world what John Maynard Keynes meant in his 1936 book The General Theory ("How I Became a Keynesian," Sept. 23). That this industry still thrives and attracts new and prominent suppliers speaks volumes.

Judge Posner, alas, misses some vital points of economic history. For instance, it's untrue that "a general fall in the price level - deflation - imperils economic stability." In the U.S. the price-level fell pretty steadily from 1865 through 1898 - a period of rapid economic growth unmarred by any unusual instability. Deflation is desirable if it is caused by rising productivity (as was the case in the late 19th century) and not by contractions of the money supply (as happened in the early 1930s).

Judge Posner also credits Keynes with two insights that are not original to him. First, Adam Smith beat Keynes to the punch in emphasizing that the ultimate goal of economic activity is not production, but consumption. Second, the importance of

uncertainty was brought to economists' attention, not by Keynes, but by Frank Knight. In 1921 Knight argued that profit is entrepreneurs' reward for dealing with uncertainty. Unlike Keynes, Knight understood that uncertainty poses no special threat to free markets operating with sound money.

24 September 2009

Editor, Washington Post
1150 15th St., NW
Washington, DC 20071

Dear Editor:

David Broder reports that William Schambra is "struck by the 'sheer ambition' of Obama's legislative agenda and by his penchant for centralizing authority under a strong White House staff replete with many issue 'czars'" ("Mr. Policy Hits a Wall," Sept. 24).

Schambra understands that Pres. Obama's philosophy of governing as being based on the belief that "the long-term, systemic problems of health care, education, and the environment cannot be solved in small pieces. They must be taken on in whole. He [Schambra] traces the roots of this approach to the progressive movement of

the late 19th and early 20th centuries."

Mr. Schambra is off by a century. The attempt to 'rationally' restructure large chunks of society became the hallmark of the French revolution. No evolved institutions, no traditions, no public or private arrangements were immune to the disruption of well-meaning revolutionaries who sought to engineer France into enlightened bliss.

We all know how that experiment at reconstructing society worked out.

23 September 2009

Editor, The Wall Street Journal
200 Liberty Street
New York, NY 10281

To the Editor:

Attempting to defend protectionism, Clyde Prestowitz asserts that "The unilateral free trade the Journal propounds is only beneficial when there are no economies of scale, and markets are perfectly competitive" (Letters, Sept. 23). Nonsense.

Suppose that citizens of Seneca, SC (a small town) become stupidly obsessed

with buying only goods and services made in Seneca. Would this obsession make it wise for citizens of Clemson, SC (a neighboring small town) to thereby stop shopping in Seneca? Real-world markets are never perfectly competitive, and being small, Seneca and Clemson each likely have several businesses with the potential to take greater advantage of economies of scale. Yet Clemsonians would make themselves poorer if, in response to Senecaian's misguided economic notions, they refuse to shop in Seneca. The best course for Clemsonians always is unilateral free trade, even with economically imprudent neighbors.

Changing "Clemsonians" to "Americans" and "Senecaian's" to "Chinese" does not change the essence of the matter.

22 September 2009

Editor, The Boston Globe

Dear Editor:

You believe that government-imposed limits on the amounts of money that corporations may spend on political speech do not violate the First amendment because

"corporations aren't people" ("Corporations aren't people yet," Sept. 22).

Do you also believe that the First amendment doesn't apply to you, given that your owner - the New York Times Company - is a corporation?

21 September 2009

Editor, Economist.com
London

You accept the validity of U.C.-Berkeley researcher Malcolm Potts's claim "that slowing population growth is essential if poverty is to be eradicated" ("Fewer feet, smaller footprint," Sept. 21).

On what basis do you and Mr Potts believe that a larger population is necessarily incompatible with the eradication of poverty? The standard of living for at least 4 billion of the approximately 6.8 billion people alive today is incomparably higher than was the standard of living for nearly everyone who lived prior to the industrial age - and the living standards of the other 2.8 billion are not obviously worse than were those of the great majority of our pre-industrial ancestors. Yet world population until

the industrial age was no higher than one billion.

Empirically, it appears as if poverty eradication is quite compatible with population growth, and perhaps even a result of it.

21 September 2009

Editor, Washington Post
1150 15th St., NW
Washington, DC 20071

Dear Editor:

Believing that Beijing's trade practices reduce the prices we Americans pay for Chinese goods, Robert Samuelson asserts that "To do nothing about China's trade policies is to encourage more of the same" ("Obama's Tire Tariff: Bad Policy, Right Message," Sept. 21).

Why, pray tell, should we not WELCOME "more of the same"? What's wrong with the Chinese offering to sell us more goods at lower prices?

Mr. Samuelson would respond by noting that Beijing's policies harm American producers. But this response fails. First, American producers would be no less harmed if the falling prices of Chinese goods resulted exclusively from improved market

efficiencies - efficiencies that Mr. Samuelson would reject as a justification for U.S. protectionism.

Second, Mr. Samuelson forgets Adam Smith's insight that "Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer." [Adam Smith, An Inquiry Into the Nature and Causes of the Wealth of Nations (1776), Book IV, Chapter 8:

<http://www.econlib.org/cgi-bin/searchbooks.pl?searchtype=BookSearchPara&id=smWN&query=consumption+%22attended+to%22>]

Denying American consumers the opportunity to benefit from Beijing's foolish trade policies is to attend to the interest of producers in a way that harms, rather than promotes, that of consumers.