



Comment on the Commentary of the Day

by

Donald J. Boudreaux

Chairman, Department of Economics

George Mason University

dboudrea@gmu.edu

<http://www.cafehayek.com>

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.

26 June 2010

Friends,

In this brief appearance earlier today on Fox Business's Freedom Watch with Judge Napolitano, I defend (surprise!) the free market:

<http://www.youtube.com/watch?v=qZox41n0VA4&feature=youtu.be>

26 June 2010

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

Dear Editor:

Deborah Hahn writes:
"Until the damaged BP well

in the Gulf of Mexico is capped, please publish daily a front-page picture of wildlife covered in oil, in misery, dying, unable to be cleaned" (Letters, June 26). Ms. Hahn believes that "such pictures are needed to educate the public" about the "horrors of what oil accidents do to our fellow creatures."

Oil accidents are indeed horrible. But they are the very visible downside of a product with an enormous upside - an upside so important and ubiquitous that, ironically, it has become invisible. It is to us as water is to fish.

So an even greater danger now is an economy polluted by a gusher of panic-driven crude legislation. To counter this danger, please also publish daily a picture of oil's neglected benefits - such as people still alive because of pharmaceuticals and medical devices; men and women healthy because dangerous bacteria were killed by ammonia or kept contained by plastics; children and grandparents smiling because they're able to visit each other having driven over roads made of asphalt or flown in airplanes powered by aviation fuel; your readers enjoying your paper

(printed with ink!) because they wear eyeglasses.

What really needs more media attention are the many marvels that, because they are so common, are taken for granted.

25 June 2010

Editor, The New York Times
620 Eighth Avenue
New York, NY 10018

To the Editor:

If Beijing doesn't further raise the value of the renminbi, Paul Krugman wants Uncle Sam to impose trade sanctions on Chinese producers ("The Renminbi Runaround," June 25). Mr. Krugman justifies his embrace of protectionism by pointing to today's high unemployment rate: by making Chinese goods less costly for Americans to buy, Beijing's monetary policy allegedly reduces "demand for goods and services to generate the jobs we need."

If Mr. Krugman is correct that access to inexpensive goods and services from abroad causes unemployment by reducing demand for domestically produced outputs (and,

hence, for workers who produce those outputs), it must also be the case that access to inexpensive goods and services from labor-saving technology causes unemployment. In both cases, fewer domestic workers than before are required to make outputs available to consumers.

So here's a question for Mr. Krugman: does today's high unemployment rate also justify Uncle Sam imposing punitive tariffs on R&D teams, inventors, and other sources of labor-saving technologies?

24 June 2010

Mr. W. James McNerney, Jr.
Chairman, President, and CEO
The Boeing Co.

Dear Mr. McNerney:

One of your company's radio ads proclaims that an advantage of Boeing's NewGen tanker over Airbus's rival product is that, being made in America, the NewGen tanker creates lots of jobs for Americans. But your ad also boasts that the NewGen tanker costs less to own and operate than does Airbus's tanker.

If you honestly believe that using lots of labor to produce a product is a benefit bestowed on society by that product, why do you brag about your tanker's lower cost? After all, producing the NewGen at the lowest possible cost - that is, efficiently - means that you don't employ as many workers as you would if you produced the NewGen inefficiently.

Suppose, for example, that you banned computers from Boeing's offices and factories. This policy would oblige you to hire many more workers to

perform nearly all tasks from aircraft design to managing the weekly payroll. You could then boast of even MORE American jobs being created by the NewGen tanker. But would this result be something to celebrate?

23 June 2010

The Editor, The Economist
25 St James's Street
London SW1A 1HG
United Kingdom

SIR:

"R.A.," a correspondent at your blog "Free Exchange," discusses the tariffs aimed at protecting 200 ironing-board-making jobs in the US ("Ironing trade out," June 23). In doing so, R.A. mentions Matt Yglesias's (correct) understanding that any of these workers who lose their jobs today making ironing boards would have more difficulty than in non-recessionary times finding other employment.

From this fact, R.A. reasons as follows: "I understand why market purists think that countercyclical policy (and particularly things like government bail-outs) generate all sorts of economic distortions and

weaken the market system. But it's important to recognise that a liberal economic system survives only so long as the public is willing to support it. Long, drawn-out, painful episodes of unemployment weaken that support and strengthen the hands of those who'd like to undo the world's hard-won gains for liberalisation."

Strange reasoning. First, government bail-outs and protective tariffs are the very sort of policies that those of us who support a liberal economic system seek to prevent. Acquiescing in illiberal interventions, such as these, in order to protect a genuinely liberal economy is the worst sort of destructive duplicity.

Second, the tariffs that R.A. here justifies on the grounds that, in his view, they likely bribe the public into supporting market liberalization even during "long, drawn-out, painful episodes of unemployment" were implemented in 2003, when America's unemployment rate averaged a very respectable 6.0 percent.

Alas, it is the fanciful 'realism' of the sort endorsed by R.A. that

poses the gravest threat to a liberal economic system.

23 June 2010

Mr. Tony Kornheiser
The Tony Kornheiser Show
ESPN Radio

Dear Mr. Kornheiser:

Your show is great. And while I realize that your chief goal is to be humorous, your monologue yesterday - lamenting that "we Americans don't make things any more" and filled with genuine worry about America being largely a service economy - demands a response.

First, it's untrue that Americans "don't make things any more." If you go to the Census Bureau website below you'll discover that U.S. industries produce lots of "things," such as aircraft, pharmaceuticals, communications equipment, surgical instruments, sporting goods - the list is very, very long.
[[http://factfinder.census.gov/servlet/IBQTable?_bm=y&-filter=&-sortkey2=&-sortkey1=&-defOrder=Y&-sortkey0=-RCPTOT&-ds_name=EC073111&-geo_id=&-dataitem=NAICS2007|NAICS2007\\$|COMPANY|EST](http://factfinder.census.gov/servlet/IBQTable?_bm=y&-filter=&-sortkey2=&-sortkey1=&-defOrder=Y&-sortkey0=-RCPTOT&-ds_name=EC073111&-geo_id=&-dataitem=NAICS2007|NAICS2007$|COMPANY|EST)]

AB|E|CT119|E|CT2099|E|CT
GE100|E|MP|PAYANN|BE
NEFIT|BENHEA|BENPEB|
BENPEC|BENOTH|EMPA
VPW|EMPQ1PW|EMPQ2P
W|EMPQ3PW|EMPQ4PW|
HOURS|PAYANPW|CSTM
TOT|CSTMPRT|CSTRSL|
CSTFU|CSTELEC|CSTCN
T|ELECPCH|ELECGEN|EL
ECSLD|RCPTOT|RCPPPR
IM|RCPPRO2|MSCTOT|M
SCRSLTT|MSSCNTTT|MS
COTH|NAICSPC|RCPPSU
M|RCPPSNP|NAICCOV|V
ALADD|INVTOTB|INVFIB
|INWIPB|INVMATB|INVT
OTE|INVFINE|INWPIPE|IN
VMATE|ASTBGN|CEXTOT
|CEXBLD|CEXMCH|CEXM
CHA|CEXMCHC|CEXMCH
O|ASRET|ASTEND|DPRT
OT|RPTOT|RPBLD|RPMC
H|PCHTT|PCHTEMP|PCH
CMPQ|PCHEXO|PCHDA
PR|PCHCSVC|PCHRPR|P
CHRFUS|PCHADVT|PCH
PRTE|PCHTAX|PCHOEXP
&-_lang=en&-
fds_name=EC0700A1]

More importantly, the locations and nationalities of various producers is irrelevant. You make your living by writing and talking about sports. The Kornheiser family doesn't "make things." You earn an income by specializing in what you do best, and you use that income to purchase from persons outside of your family all the many "things" that you

consume. As a result, you're quite prosperous.

What's true for the plural pronoun "we" used to describe the Kornheiser household is no less true for the plural pronoun "we" used to describe America. We Americans do indeed buy lots of things from non-Americans - a fact that is no more worrying than is the fact that, as you might say, "we Kornheisers don't make things any more and, instead, buy all of our things from non-Kornheisers."

22 June 2010

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

Dear Editor:

So the tariffs that Uncle Sam slaps on Americans who buy Chinese-made ironing boards save 200 jobs that pay about \$15 per hour ("Indiana ironing-board factory faces stiff competition from Chinese companies," June 22).

Whatever the (questionable) merits of this tariff, its reality couldn't differ more from the rhetoric typically deployed to make protectionism sound appealing and sexy. This rhetoric features much

fine talk of encouraging strategic, cutting-edge, high-technology industries that will "move America into the 21st century," give rise to marvelous spin-off industries, and "create" jobs that pay high wages.

The reality, as we see, often features protection of wrinkled old industries paying wages below the national median (which is about \$16 per hour), using low-tech methods to produce low-tech goods, and that likely haven't sparked a single spin-off industry since the Oval Office was occupied by Harry Truman.

Let's hear no more about how protectionism encourages Americans to press on to a more-prosperous, high-tech, and dynamic future.

21 June 2010

Editor, Boston Globe

Dear Editor:

Insisting (contrary to the evidence) that immigrants are harming the U.S. economy, retired Bank of Boston CEO Ira Stepanian wants Uncle Sam to use harsh measures to prevent undocumented immigration - including the launch of "a nationwide program for all

citizens to show proof of citizenship" (Letters, June 21).

Notice how easily zeal to control the free movement of peaceful immigrants transmogrifies into support for policies once condemned as being practiced only by brutal dictatorships such as Nazi Germany and the Soviet Union.