



## 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.**

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11 July 2010

Program Director, WTOP  
Radio  
Washington, DC

Dear Sir or Madam:

During today's 1:00pm hour you played a clip of a listener who is "livid that Americans aren't up in arms against the devastation that corporations inflict" on us. This gentleman's anger was sparked by the BP oil spill.

I have little sympathy for BP, it being a firm that has often feasted at government troughs. But some perspective is now

very much needed on the costs and benefits of corporations.

Consider that the latest estimated cost of the BP spill is \$33 billion. That's a lot of money, to be sure. But this sum pales in comparison to the amount of money that Wal-Mart's retailing efficiencies are estimated to save consumers each year: \$200 billion. [See Matt Ridley's splendid new book, *The Rational Optimist* (New York: HarperCollins, 2010), p. 113]

Oil spills are compellingly photographable - and, hence, attention-getting

and emotion-stirring. In contrast, lower prices for - which, by the way, mean fewer resources used to bring to market - clothing, children's toys, digital cameras, camping equipment, kitchen appliances, groceries, and other goods that we routinely enjoy are not photographable in any compelling way. The result is that the social benefits of corporate innovations and competition are easily overlooked, ignored, taken for granted, forgotten. But these benefits are enormous. And any assessment of the worthiness of corporations in modern life had best take them into accurate

account lest we adopt policies that make us all poor and miserable.

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11 July 2010

Editor, Los Angeles Times

Dear Editor:

Scientists are disappointed that, contrary to candidate Obama's promises, what the nation actually is getting from President Obama is "a culture of politics trumping science" ("Scientists expected Obama administration to be friendlier," July 11).

No consistently sensible person - much less any scientist - should be surprised by this reality. Pres. Obama is a POLITICIAN. His promises to voters to pursue science rather than politics are as credible as a prostitute's promises to a client to pursue love rather than profit.

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10 July 2010

Editor, Washington Times

Dear Editor:

Ron Bullock blames "more effective foreign competition" for "the loss of 7 million U.S. manufacturing jobs since 1980" ("Revitalize

American manufacturing," July 10). This account - repeated ad nauseam - would be more plausible if it were also the case that U.S. manufacturing output, during this same time, had declined. But this output rose. As explained in this new study by researchers at Wells Fargo, U.S. manufacturing output is today nearly 100 percent higher than it was 30 years ago. ["What Really Drives Growth in the Industrial Sector?" Economics Group, Wells Fargo Securities, July 9, 2010]

Importantly, manufacturing output is up while manufacturing employment is down for a reason that is cause, not for the pessimism that universally attends accounts such as Mr. Bullock's, but, rather, for optimism. That reason is substantial growth in productivity, which is the only source of sustained and widespread prosperity.

So rather than lament the fact that we get more manufacturing output today by using fewer workers, we should celebrate - in the same way that we celebrate the fact that we get more agricultural output from fewer and fewer workers.

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9 July 2010

Editor, Financial Times

Sir:

Several questions popped to mind after reading Nobel laureate economist Michael Spence's essay in your pages today ("America needs a growth strategy"). Here are a few:

- What is his factual basis for accepting the claim that in the U.S. "manufacturing is vanishing"? Data from the Federal Reserve show quite the opposite.

<http://cafehayek.com/2010/07/up-is-not-down.html>

- Mr. Spence blames many of America's current economic woes on "a pattern of underinvestment in infrastructure"; an "education system" plagued by "widespread problems with efficiency and effectiveness"; and "state budgets [that] are in distress as a result of insufficiently conservative budget policies." Yet he then calls for "a broad public-private partnership to invest in the development of technology in parts of the tradable sector." What logic leads Mr. Spence to suppose that the same institution that mishandles infrastructure, education, and state budgets -

namely, government - will perform admirably when entrusted with more power to determine specific patterns of investment? What theory assures Mr. Spence that the politics that distort decisions on infrastructure, education, and government budgeting will dwindle into insignificance when politicians are entrusted with even greater powers and authority?

I'm truly curious about his answers.

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9 July 2010

Editor, Bloomberg Opinion

Dear Editor:

Intel's legendary founder Andy Grove worries that America's economy isn't creating enough jobs ("How to Make an American Job Before It's Too Late," July 1). His analysis, however, suffers from several flaws. Perhaps the deepest of these is Mr. Grove's conclusion that, because the amount invested per worker today in U.S. high-tech industries is much higher than it was in the past, "the U.S. has become wildly inefficient at creating American tech jobs."

Mr. Grove wrongly gauges the efficiency of investment by how many workers it employs. This is like gauging the quality of a restaurant, not by the taste of the food it serves, but by the number cooks and waiters working there. Sustained economic growth happens only when fewer and fewer resources - including labor - are required to produce a given amount of output. And increasing capital investment per worker has always been, and remains, a principal means of achieving such efficiencies in resource use. Far from being a sign of "wild" inefficiency, the growing ratio of capital-to-labor in U.S. industries is a source of spectacular EFFICIENCIES.

It's ironic that a pioneer in an industry that has done so much to make workers more efficient - to enable a small handful of workers today to produce what in the past required many workers - now calls for public policies to reverse many of the very efficiencies that his own entrepreneurial efforts have made possible.

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6 July 2010

Editor, Los Angeles Times

Dear Editor:

Searching for policies to "create the good jobs our economy needs," UC Berkeley Law Dean Christopher Edley, Jr. advises Pres. Obama to stop federal-government contracts from being awarded "to companies that create poverty-wage jobs" ("The economic power of Obama's pen," July 6). The idea is that firms seeking Uncle Sam's business will then raise the wages they pay to their low-skilled workers.

If Mr. Obama follows Dean Edley's advice, low-skilled workers' wages will indeed change - specifically, the wages for many of these workers will fall from their current levels (say, \$7.25 per hour) to \$0 per hour. Firms seeking government contracts will simply replace low-skilled workers with machines; hire fewer such workers and work them harder; or use a smaller number of higher-skilled workers to perform tasks previously performed by a larger number of low-skilled workers.

Low wages are not the result of arbitrary company decisions; they are the result of low worker productivity. A pen even as mighty as that of Pres.

Obama cannot miraculously invest low-skilled workers with greater skills.

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5 July 2010

Editor, USA Today

Dear Editor:

Sandra Day O'Connor and George Nethercutt are correct that too many Americans lack sufficient understanding and appreciation of U.S. history and of the meaning of this nation's founding documents ("Celebrate America by learning about her," July 3). In no group of Americans does this ignorance run more deeply and malignantly than it does for those in Congress and in the White House.

Aimed at ensuring that there would be no misunderstanding, the Tenth amendment makes clear what James Madison wrote in Federalist Paper #45 about the U.S. Constitution: "The powers delegated by the proposed Constitution to the Federal Government, are few and defined." Those few powers are enumerated and defined in Article I, Section 8. Read the 429 words of this part of the Constitution and you'll find no authority there (or

anywhere else in the Constitution) for Uncle Sam to enforce minimum wages; to command Americans to purchase health insurance; to dictate the hiring practices of private firms; to operate a universal 'pension' program; to oversee or fund education; to subsidize farmers - indeed, no authority to do so much of what Washington does today as a matter of routine.

Yet every elected official in America swears an oath to uphold the Constitution. Clearly, these oaths are muttered insincerely or in inexcusable ignorance (or both).