



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.

28 November 2010

"Sethstorm"

Dear Sethstorm:

Commenting critically on a recent blog-post of mine [http://cafehayek.com/2010/11/who-serves-corporate-interests.html#disqus_thread], you write that trade with China has "enabled the looting of states like Ohio of jobs."

Your remark implies that workers in Ohio own their jobs. If these jobs truly are owned by Ohioans currently employed in them, then these jobs should be protected not only from foreign trade, but from ANY changes that

might eliminate jobs in Ohio.

For example, if an aluminum factory in California devises a method for producing stronger yet lighter aluminum at lower cost, that factory's innovation should be outlawed. The reason is that such sturdier aluminum sold at lower prices will cause automakers to substitute aluminum for steel in the production of cars and trucks. Consequently, that California innovation will cause at least some Ohio steel workers to lose their jobs - jobs that, you feel, are owned by those steel workers. And if it's theft for Chinese producers to eliminate Ohioans' jobs,

then it's also theft for innovative Californians to do so.

Or suppose that Americans become more cholesterol conscious and cut back significantly on their consumption of eggs. This change in consumer demand will eliminate some jobs in Ohio's egg industry. Do you believe that consumers who reduce their egg purchases are thereby looting jobs from Ohio? Should Uncle Sam prevent consumers from buying fewer eggs?

If not, what's the status of your claim that American trade has "enabled the looting of states like Ohio of jobs?"

27 November 2010

Mr. Patrick M_____

Dear Patrick:

Thanks so much for your e-mail in response to my second letter on Bill Gates missing Julian Simon's point.

You question my use of Chad as evidence for the validity of Simon's thesis. You write: "It is true that Chad is poor and is sparsely populated, but much of Chad is a desert. People cannot survive in deserts, so that land area in Chad doesn't count really."

You're correct that much of Chad is a desert, but incorrect that people cannot survive in deserts. Consider Las Vegas.

That city is all desert, yet it's one of the richest places on the globe. Vegas's riches come from market-friendly institutions: secure property rights and free trade with people who live outside of Vegas. Las Vegas imports citrus fruit from California; water and electricity from Lake Mead; vegetables and grains from around the U.S. and the globe; clothing from Asia and Canada; lumber from

Oregon and Alabama; insurance coverage from Hartford and London; airline services from Chicago and Dallas..... the list is practically endless.

Market-friendly institutions and trade make great wealth possible even in the hostile environment of deserts.

If Las Vegas can support a large population at high standard of living, there's no reason why Chad cannot do the same.

27 November 2010

Editor, The Wall Street Journal
1211 6th Ave.
New York, NY 10036

To the Editor:

Bill Gates writes that "slowing population growth" has "proven ... to be critical to long-term economic growth" ("Africa Needs Aid, Not Flawed Theories," Nov. 27). What's the evidence for this claim?

Did Hong Kong grow as a result of slowing population growth? No. What about Taiwan over the past 60 years? No. Was slowing population growth key to England's unprecedented economic blossoming

during the industrial revolution? No. Did population growth in America slow before its economy began to grow? No.

Did the great 20th century migration to California cause that state's economy to languish? No. Do the high population densities of Manhattan, London, Sydney, and Singapore keep people in those cities poor? No. Do low population densities in the Republic of Congo, Chad, and Bolivia keep people in those countries rich? No.

It's disappointing that Mr. Gates, visionary entrepreneur that he is, so readily accepts the pop myth that population growth is a drag on economic growth.

27 November 2010

Editor, The Wall Street Journal
1211 6th Ave.
New York, NY 10036

To the Editor:

Bill Gates writes that "slowing population growth" has "proven ... to be critical to long-term economic growth" ("Africa Needs Aid, Not Flawed Theories," Nov. 27).

What's the evidence for this claim?

It's true that higher per-capita incomes can give people more time and resources to invest for the future - investments that are key to economic growth. It's true also that higher per-capita incomes can indeed result from declining population growth.

But slower population growth is neither necessary nor sufficient for faster economic growth. Private investments that spark growth can come from outside - and WILL come from outside if public policies and institutions in the poor country become more friendly to commerce and competitive markets. More importantly, without private investments attracted by improved policies and institutions, any slowing of population growth results, not in faster economic growth but, rather, in total output falling until per-capita incomes are again where they were before population growth slowed.

26 November 2010

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

Dear Editor:

Fairfax County government schools are suffering problems because population in that county "is growing swiftly but unevenly" ("Fairfax schools' growing pains," Nov. 26). According to Fairfax County school official Denise James, "Some schools continue to be overcrowded and others are well under capacity. Neither is a good environment for learning."

Indeed not.

But why don't supermarkets, restaurants, churches, apartment complexes, clothing stores, dog groomers, and other service providers in Fairfax county encounter the same problems that plague the school system? After all, the county is growing just as fast and just as unevenly for these merchants as it is for Fairfax County Public Schools. Yet we never hear that some coffee shops or department stores continue to be overcrowded while others are well under capacity. Why might this be?

Might this mysterious malady afflicting the school system, but not private enterprises, have

something to do with the fact that county schools are funded with tax dollars rather than by voluntarily expressed consumer choices? Might it be that politicians and bureaucrats - spending other people's money to educate largely captive customers - have much worse incentives to supply good schooling than would private entrepreneurs IF school and state were as separate from each other as are church and state, or as are supermarket and state?

26 November 2010

Sen. Sherrod Brown (D-OH)
United States Senate
Capitol Hill

Dear Sen. Brown:

In today's Washington Post you declare that "Demanding that trade agreements work for American exporters isn't protectionism; it's common sense" (Letters, Nov. 26). In other words, whenever other governments dole out favors to foreign corporations at the expense of foreign consumers, you want Uncle Sam to dole out favors to American corporations at the expense of American consumers.

This isn't common sense, sir. It's garbage-heap economics that serves as a convenient excuse for politicians to pick the pockets of hundreds of millions of Americans for the benefit of politically influential businesses.

My offer still stands to debate you on free trade and protectionism. If you're so confident that the U.S. economy is improved by tariffs and other impediments to competition, you should be eager to enlighten an audience by debating someone so obviously lacking in "common sense" as me.

26 November 2010

Editor, The Wall Street Journal
1211 6th Ave.
New York, NY 10036

To the Editor:

Gabriel Schoenfeld argues that the TSA "is keeping the skies safe" ("The TSA Is Keeping the Skies Safe," Nov. 26). Maybe.

Keeping the skies safe, however, isn't the same as keeping PEOPLE safe. It's possible that the long lines and intrusive screenings at airports increase fatalities

by causing enough travelers, who would otherwise fly, to drive. Because driving is more dangerous than flying, the TSA might actually be killing more people than it is saving.

This trade-off should be kept in mind.

26 November 2010

Friends,

In this column, I discuss the important work of my GMU colleague Larry White, and of my former GMU colleague George Selgin, on money and banking. I focus especially on their recent paper (with Bill Lastrapes) "Has the Fed Been a Failure?"

http://www.pittsburghlive.com/x/pittsburghtrib/opinion/s_710882.html

25 November 2010

Mr. Stephen Budiansky
Liberal Curmudgeon Blog

Dear Mr. Budiansky:

You ridicule John Stossel, Rush Limbaugh, and others for describing early Plymouth colony as a failed experiment in collectivism ("Commies and Cranberries," Nov. 23). The thrust of your ridicule is that, because the pilgrims initially went along with the collectivist arrangement out of a mistaken belief that it would make them rich, it's illegitimate to draw lessons for current policies from that early American instance of failed collectivization.

How, I ask ye, were the pilgrims' motives different from those of the vast majority of people who have endorsed collectivization over the years? The great allure of communism and other species of collectivism (at least until the depredations and deprivations of the Soviet and Maoist utopias became undeniable) has always been that collectivization would create more wealth for everyone than would be created by allegedly wasteful, inefficient, rudderless private-property capitalism.

Had collectivism been sold for what it is - as get-poor-quick scheme - its appeal would have been akin to that of ideologies that demand lifetime chastity. America's pilgrims were, for a few years, simply another of the many groups of people throughout history who brutalized themselves by listening to the Sirens' song of collectivism.

25 November 2010

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

Dear Editor:

E.J. Dionne believes that we free-market types mischaracterize the pilgrims' experience when we point out that they enjoyed no abundance until after Plymouth colony abandoned communal ownership for individual private property ("On Thanksgiving, remembering our common bonds," Nov. 25). Mr. Dionne cites Rush Limbaugh as the chief spokesman for the free-market view, and he directs us to New York Times writer Kate Zernike's recent article for evidence against this free-market interpretation.

If Mr. Dionne is dissatisfied with Mr. Limbaugh's interpretation of the economy of early Plymouth colony, he can read Yale University law professor Robert Ellickson's account of the same in a celebrated article, "Property in Land," published in 1993 in the Yale Law Journal. [Robert C. Ellickson, "Property in Land," Yale Law Journal, Vol. 102, 1993, pp. 1315-1400; Ellickson's discussion of Plymouth colony occurs chiefly on pp. 1338-1339]

As for Ms. Zernike, she argues that no lessons about collectivism versus individualism can be drawn

from Plymouth colony's experience because that colony's initial arrangement wasn't really collectivist. She bases her claim on the fact that collective ownership was demanded by the private investors who funded the colony.

Ms. Zernike's fact, though, is beside the point - which is that collective ownership and 'share-and-share alike' arrangements (outside of the immediate family) give individuals weak incentives to produce and strong incentives to free-ride on the efforts of others. The fact that Plymouth colony was a private joint venture between Plymouth colonists and London investors changes this point not one iota: collectivism is a turkey of an arrangement.

24 November 2010

Programming Director,
WTOP Radio
Washington, DC

Dear Sir or Madam:

Contrary to your reporter's claim during tonight's 9pm hour, the first Thanksgiving was not a celebration of "America's natural bounty." Massachusetts was no more 'naturally' bountiful in 1623 - the year of the first Thanksgiving feast - than it

was in 1622, 1621, or 1620 (years of starvation in Plymouth colony).

What distinguishes 1623, and later years, from the earlier deadly years was private property. Until 1623, Plymouth's settlers were bound by statute to share and share alike. That colony was, in short, a communist society. As a result, people lazed about and starved. But in 1623, communal property was replaced by private property. The effects were dramatic. Here's how Gov. William Bradford, in his History of Plymouth Colony, described the shift from communal to private property, and its results: "At length, after much debate of things, the Governor (with the advice of the chiefest amongst them) gave way that they should set corn every man for his own particular, and in that regard trust to themselves; in all other thing to go on in the general way as before. And so assigned to every family a parcel of land, according to the proportion of their number, for that end, only for present use (but made no division for inheritance) and ranged all boys and youth under some family. This had very good success; for it made all hands very industrious,

so as much more corn was planted than other wise would have been by any means the Govr or any other could use, and saved him a great deal of trouble, and gave far better content. The women now went willingly into the field, and took their little ones with them to set corn; which before would allege weakness and inability; whom to have compelled would have been thought great tyranny and oppression. The experience that was had in this common course and condition, tried sundry years and that amongst godly and sober men, may well evince the vanity of that conceit of Plato's and other ancients applauded by some of later times; and that the taking away of property and bringing in community into a commonwealth would make them happy and flourishing; as if they were wiser than God. For this community (so far as it was) was found to breed much confusion and discontent and retard much employment that would have been to their benefit and comfort. For the young men, that were most able and fit for labor and service, did repine that they should spend their time and strength to work for other men's wives and

children without any recompense. The strong, or man of parts, had no more in division of victuals and clothes than he that was weak and not able to do a quarter the other could; this was thought injustice. The aged and graver men to be ranked and equalized in labors and victuals, clothes etc., with the meaner and younger sort, thought it some indignity and disrespect unto them. And for men's wives to be commanded to do service for other men, as dressing their meat, washing their clothes, etc., they deemed it a kind of slavery, neither could many husbands well brook it. Upon the point all being to have alike, and all to do alike, they thought themselves in the like condition, and one as good as another; and so, if it did not cut off those relations that God hath set amongst men, yet it did at least much diminish and take off the mutual respects that should be preserved amongst them. And would have been worse if they had been men of another condition. Let none object this is men's corruption, and nothing to the course itself. I answer, seeing all men have this corruption in them, God in His wisdom saw another course fitter for them."

[\[http://www.fordham.edu/halsall/mod/1650bradford.html\]](http://www.fordham.edu/halsall/mod/1650bradford.html)

Given appropriate incentives, the Pilgrims produced and enjoyed a bountiful harvest in the fall of 1623 and set aside "a day of thanksgiving." "Any general want or famine hath not been amongst them since to this day," Bradford wrote in an entry from 1647, the last year covered by his History.

Thankfully, the Pilgrims soon-enough abandoned their experiment in "Progressive" economics and returned to the oh-so-unsexy rules of private property.

24 November 2010

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

To the Editor:

Re the Irish government's financial woes: leprechauns are springing out from behind every pot'o'coal blaming these problems largely on Ireland's low corporate tax rate. A quick check of the data provides much-needed perspective.

The modern, tax-rate-cutting liberalization of the Irish economy is commonly dated to have begun in earnest in 1987. In that year, Irish government receipts were about 10 billion euros and expenditures were about 12 billion euros. Over the next 20 years, government receipts and expenditures both rose, largely in lock-step with each other, to about 55 billion euros. Steady and significant increases in the government's expenditures tracked closely the steady and significant increases in receipts. But since 2007, although government receipts have since fallen to about 42 billion euros, government spending continued to rise. That spending was more than 70 billion euros in 2009. (These expenditures are falling back a bit, to about 66 billion euros in 2010.)

As a percentage of Ireland's (fast-growing) GDP, government expenditures fell steadily from 1987 until 2007 - but then rocketed upward from about 36 percent of GDP in 2006 to about 58 percent in 2009. (These expenditures will be about 54 percent of Irish GDP in 2010.)
[\http://trueeconomics.blogspot.com/2010/11/economic

[s-171110-road-we-traveled.html\]](http://www.fordham.edu/halsall/mod/1650bradford.html)

Only time will reveal the full reasons for the Irish government's fiscal problems. One thing, however, is certain: given that the government became insolvent only after it began devouring well over half of Ireland's GDP, blaming the state's insolvency on the low tax rates that fueled two decades of solid economic growth and government-revenue growth misses the mark entirely.

23 November 2010

Mr. Chris Isidor, Senior Writer
CNNMoney.com

Dear Mr. Isidor:

You report that "as China's [trade] surplus builds, nations like the United States that are running trade deficits also face risks. Consistently consuming more goods and services than the nation produces means the country needs to finance that deficit by selling assets, such as U.S. Treasuries, to their overseas trading partners" ("The trouble with 'global imbalances'," Nov. 23).

Contrary to popular mythology, a U.S. trade deficit does NOT mean that Americans necessarily are "consuming more goods and services than the nation produces." When foreigners use the dollars they earn on their exports to America, say, to buy stock in The Dow Chemical Co. or to build a factory in Texas, America's trade deficit rises. But these investments in American-based enterprises also increase the volume of output that 'the nation produces.'

I urge you to break the habit of equating trade deficits and trade surpluses with "imbalanced trade." Explicit recognition that trade - that is, current-account - deficits are fully offset by capital-account surpluses would go a long way toward better informing Americans of the true nature of trade and, importantly, also toward tamping down the hysteria stirred up by the incessant barrage of uninformed reporting about trade and trade deficits.

22 November 2010

Friends,

Here's my first attempt - all 2 minutes and 45 seconds of it - at screenwriting.

Clearly, my talent needs polishing. Any feedback you have, especially of the critical variety, will be most appreciated:

<http://www.xtranormal.com/watch/7781737/>

Thanks!

22 November 2010

Editor, National Review Online

Dear Editor:

Meant as a threat rather than as a slice of sensible advice, Pres. Obama - as reported by Deroy Murdock - warned on his recent trip to Asia that "No nation should assume that their path to prosperity is paved simply with exports to the United States" ("Stop Slamming China," Nov. 19).

Translation of the President's attempt to intimidate: "The American government will not stand idly by as other governments enrich America with subsidized goods and services. No! We will burden with additional taxes and regulations the millions of Americans who insist on stretching their incomes further by buying low-priced imports that we - using conveniently elastic

criteria - determine to be subsidized by foreign governments."

22 November 2010

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

To the Editor:

Todd Tucker wants Uncle Sam to reject free trade in favor of "fair trade" (Letters, Nov. 22).

While every decent person applauds fairness and condemns unfairness, "fairness" is far too fuzzy a concept to guide public policy. To see why, imagine what the state of First Amendment law would be like were only a few words of that amendment changed to make its guiding principle fairness rather than freedom:

"Congress shall make no unfair law respecting an establishment of religion, or prohibiting the fair exercise thereof; or abridging the fairness of speech, or of the press; or the right of the people fairly to assemble, and to petition the Government fairly for a redress of grievances."

Is there any doubt that replacing "free" with "fair" in this context would remove all teeth from the First Amendment? In the

same way, a policy of fair trade rather than free trade would, in practice, be a policy of unfree - and, by the way, unfair - monopoly

privileges for politically influential domestic producers.