



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.

16 January 2011

Editor, Foreign Policy

Dear Editor:

Lamenting America's currently high rate of unemployment, University of Texas economist James Galbraith writes that "the retirement age is too high" ("Unconventional Wisdom," Jan./Feb. 2011). He continues: "common sense suggests we should make some decisions about who should have the first crack: older people, who have already worked three or four decades at hard jobs? Or younger people, many just out of school, with fresh skills and ambitions?"

Great idea! The 59-year-old Prof. Galbraith can put his money where his theory is and retire immediately. I know several newly minted PhD economists from George Mason University who, just out of school with fresh skills and ambitions, would love a full-time faculty position at UT-Austin. By retiring even though he still wishes to continue teaching and doing research - and even though his talents on these fronts haven't declined - Prof. Galbraith will do his part to help unemployed workers. If Prof. Galbraith's theory of employment is correct, UT-Austin will be no worse off, and the gains to the young economist hired in his

place, as well as the gains to the economy at large, will outweigh any loss that Prof. Galbraith suffers.

15 January 2011

Mr. Sam Williford
Economy In Crisis blog

Dear Mr. Williford:

In today's blog post entitled "'America's Got Product' Works to Stem Import Invasion" [<http://www.economyincrisis.org/content/%E2%80%99Americas-got-product%E2%80%9D-works-stem-import-invasion>] you advise Americans to "Buy American." In that post you favorably quote one

Chris Kilcullen who warns that "The more money that leaves the country, the less money there is to earn in this country."

Well now....

Immediately above your post is a banner ad from Seven Islands/Septiles, a region in Quebec, Canada. That region is advertising on your site - and I quote - "Steel Mill Needed in Booming Strategically Located Canadian Port City," and "Millions of Tons of Iron Ore Shipped Out Yearly," and my personal favorite "Land, Government Subsidies, Low Energy Cost, and Ideal for Lowest Cost Manufacturing and Distribution."

Your "Buy American" website is financed in part by U.S. dollars transferred to your organization from Canadians in exchange for advertising space on your site. So what are we to make of Mr. Kilcullen's warning that dollars that leave America are no longer available to be earned in America?

More fundamentally, aren't you a TAD bit hypocritical to publicly fret and wail as you do about the loss of manufacturing and jobs in the U.S. on a venue supported by advertising

dollars spent by a foreign government urging American producers to relocate their operations outside of the U.S.?

15 January 2011

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

To the Editor:

Brett Arends writes "If we still had the 5.5 million manufacturing jobs we lost in the last decade, mostly to China, our unemployment rate today would be far lower" ("Do You Need a Chinese Bank Account?" Jan. 15).

Maybe. But consider that Mr. Arends would have been equally correct had he written "If we still had the tens of millions of agricultural jobs we lost in the past century, mostly to technology, our unemployment rate today would be far lower."

Lamenting our ability to acquire goods and services at lower costs is poor economics of a sort that one expects to find in the New York Times and The Nation but not in your pages.

14 January 2011

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

Dear Editor:

In his fascinating discussion of the 1960 presidential campaign, Mark Feldstein details Richard Nixon's trickery and cynicism, as well as Nixon's greed for both power and cold cash ("A half-century of political dirty tricks" Jan. 14). Detailed also is Jack and Bobby Kennedy's willingness to hire burglars and to otherwise play dirty for no purpose higher than to gratify the same lust for power that burned within them as hotly as it burned within Nixon.

So do tell: why are we supposed to honor such people simply because they are elected to the so-called "highest office in the land"? Why are we expected to look to such scoundrels to inspire us - to advise us - to comfort us - to govern us - to commit our sons, daughters, and resources to wars - to define us - to rule over us on thousands of matters that touch daily upon our pocketbooks as well as upon some of the most intimate aspects of our lives?

In no field of human endeavor other than politics is success at cupidity, duplicity, deception, double-dealing, and general depravity positively rewarded - and so handsomely to boot.

14 January 2011

Editor, The Boston Globe

Dear Editor:

Richard Klov Dahl worries that "we have spent the last 30 years 'competing' for our jobs against workers in Third World countries" (Letters, Jan. 14).

Mr. Klov Dahl is haunted by a myth.

From 1980 through 2009, the 160 countries that UNCTAD classifies as "developing" - what Mr. Klov Dahl calls "Third World" - received 30 percent of total global foreign direct investment. The eight G8 countries, whose workers earn some of the world's highest wages, received 43 percent of this investment. The U.S. alone, during this time, received 18 percent of foreign direct investment - an amount far larger than was received by any other country on earth. [Inward

FDI flows calculated from this table:
<http://unctadstat.unctad.org/TableViewer/tableView.aspx?ReportId=88>] (Over those same 30 years, inflation-adjusted compensation for the average civilian worker in America rose by 25 percent, despite the U.S. labor force expanding by 44 percent.
[\ftp://ftp.bls.gov/pub/suppl/eci.econst.txt
[ftp://ftp.bls.gov/pub/suppl/e.ci.econstnaics.txt\]](ftp://ftp.bls.gov/pub/suppl/e.ci.econstnaics.txt))

This evidence on international investment flows should calm fears that businesses are eager to shift operations from the U.S. and other developed nations in order to set up shop in the Third World.

13 January 2011

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

To the Editor:

Jack Roney, lead economist for the U.S. Sugar Alliance, insists that "Sugar policy operates at no cost to the government" (Letters, Jan. 14).

A quibble: American taxpayers pay for the customs agents and other

resources used to prevent these same taxpayers from buying sugar on open global markets. These expenses are, in common parlance, costs to the government.

More than a quibble: even IF the Uncle Sam's sugar policy "operates at no cost to the government," it operates at significant costs to Americans. In 2009, this policy forced Americans to pay 16 cents more per pound of sugar than the world price of 22.1 cents - or, 72 percent more for sugar than we would have paid were there no sugar 'policy.' Given the amount of sugar Americans consume, this fact means that, in 2009, the supposedly 'cost-free' U.S. sugar program picked Americans' pockets to the tune of \$2.5 billion.

[\[http://miperry.blogspot.com/2010/01/sugar-tariffs-cost-americans-25-billion.html\]](http://miperry.blogspot.com/2010/01/sugar-tariffs-cost-americans-25-billion.html)

Supporters of this sour policy deserve to be caned.

13 January 2011

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

To the Editor:

You report that "The U.S. trade deficit with China expanded to \$25.63 billion from \$25.52 billion in October, reversing some of the improvement of recent months" ("U.S. Trade Deficit Narrows," Jan. 13).

Accepting for the sake of argument the popular myth that, in this world of nearly 200 nations, America's trade balance with any one nation is meaningful and relevant, I must nevertheless ask: Why do you so blithely label the recent shrinkage of this trade deficit as an "improvement"? The U.S. trade deficit rises whenever foreigners invest more heavily in America; are such investments a cause for lamentations? Do the factories, machines, worker training, R&D, inventories, retail outlets, pension contributions, and infrastructure throughout the U.S. that are financed - either directly or indirectly - by foreign investors hurt Americans? Is it true that our economy is necessarily "improved" whenever such investments shrink, and harmed whenever such investments expand?

12 January 2011

Mr./Ms. Sethstorm

Dear Sethstorm:

Commenting on my explanation for why there's nothing unusual about Americans specializing in designing products such as iPhones but not specializing in assembling them, you write "Bollocks," and then accuse me of supporting slavery.

Let me make my point even simpler. Ernest Hemingway specialized in writing prose fiction. But he himself never manufactured any of the paper or printed any of the books that were used to make his novels and short stories accessible to millions of readers.

Did some economic snafu happen in Hemingway's case? Would you have been impressed had the TIME pundit written that "conventional economics tells us that since Hemingway had a clear advantage in writing novels, Hemingway should not have outsourced the manufacture of his books to non-Hemingwayians."

I suspect that you, correctly, would understand such a claim to be absurd.

The TIME pundit committed an error in economic reasoning

identical to the error committed by someone who would suggest that Hemingway should have also manufactured the paper and printed the books used for his novels. Pray tell, how does my pointing out this error lend support to slavery?

12 January 2011

Mr. Michael Schuman
The Curious Capitalist
TIME magazine

Dear Mr. Schuman:

You write that "Conventional economics tells us that since the U.S. has a clear technological advantage in designing a product like the iPhone over the still-developing Chinese economy, the U.S. should be exporting iPhones to China. That's the kind of theory you learn in Econ 101. But, as the ADBI study shows, that's not what's actually happening in the new world economic order - because Apple has outsourced the manufacturing of what it has designed" ("Is the iPhone bad for the American economy?" Jan. 11).

Wrong. If that's what your Econ 101 professor taught you, you wuz robbed.

What economics teaches - be it Econ 101 or Econ 999 - is that, with free trade, there develops detailed specialization of labor that spans the globe, with each separable part of the production process performed by those producers who perform that part at the lowest cost. So the fact that America has a comparative advantage at designing products like the iPhone does not mean that America has a comparative advantage at manufacturing such products. Indeed, the better Americans become at design, the more we do (and should) specialize in that part of the production process and leave other parts to be performed by peoples elsewhere.

Put differently, Americans succeed at doing high value-added tasks such as information-technology design precisely because we don't have to spend much of our time and resources performing other parts of the production process.

12 January 2011

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

To the Editor:

You report that "Germany's economy in 2010 grew at its strongest rate since the country's reunification" - by about 3.5 percent ("German Economy Grows at Record Pace," Jan. 12). You report also that Germany's government-budget deficit for 2010 was 3.5 percent of German GDP, and that government spending there rose by 2.9 percent in 2009 and then by 2.2 percent in 2010. You might also have reported that Germany's unemployment rate fell in 2010, from 7.8 percent in November 2009 to 7.1 percent in November 2010. [http://www.bls.gov/ilc/intl/unemployment_rates_monthly.htm#Rtable1.f.1]

These data on Germany cast further doubt on the wisdom of those pundits, politicians, and economists - most famously Paul Krugman - who insist that the continuing sluggishness of the U.S. economy is caused by insufficiently copious fiscal stimulus spending here at home.

In 2010, Uncle Sam's budget deficit was 10.65 percent of U.S. GDP - triple the size of Germany's figure. And Uncle Sam's spending increased by a

whopping 17.9 percent in 2009 and then by another 5.8 percent in 2010. Yet unemployment here remains high, at 9.4 percent, and our GDP in 2010 likely will be no more than 3.0 percent higher than its 2009 level.

11 January 2011

Mr. Lloyd Y_____

Dear Mr. Y_____:

Thanks for your e-mail, and for its gracious tone.

You write: "OK, the US gets other jobs when manufacturing jobs go overseas. A majority of these other jobs, however, are in the service sector which pays less than manufacturing. We cannot keep this up."

First, manufacturing jobs are 'lost' not only to imports from overseas but also to mechanization.

Second and more to your point, the service-sector jobs that have replaced manufacturing jobs do NOT typically pay less than manufacturing. Using data from the U.S. Bureau of Labor Statistics, Dan Griswold calculated - as he reports on page 38 of his superb 2009 book *Mad About Trade* - that "For

every one job lost in manufacturing since 1991, our economy has created five in better-paying service sectors, three in less well-paying sectors, and one in government. That pattern was not just a phenomenon of the 1990s. During the Bush years of 2001-2008, two-thirds of the net new jobs were also created in sectors that paid more than manufacturing." [Daniel Griswold, Mad About Trade (Washington, DC: Cato Institute, 2009)]

I don't know how old you are, Mr. Y_____, or if you have children. But if you do have children, do you ever tell them that you want them to grow up to work in a factory? Do THEY ever express such a yearning to you? My guess is that you want your children to become doctors or lawyers or architects or research scientists, and that they, too, have such aspirations - that is, aspirations to work, not in manufacturing jobs, but in service-sector jobs.

I do not disparage manufacturing jobs; my father was a pipefitter in shipyard and I'm damn proud of who he was. But he would have thought me daffy had I aspired to follow in his difficult and relatively low-paid footsteps.

11 January 2011

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

To the Editor:

You report that "No sooner has a new Congress arrived in Washington than the anti-China-trade rhetoric has started anew" ("The \$6.50 Trade War," Jan. 11).

Protectionists' rhetoric is troubling - kindling, as it surely does, resentment in ordinary Americans whenever they hear elected officials such as Sen. Schumer allege that, because of Chinese trade policies, "we lose wealth, we lose economic advantage, we lose jobs." How irresponsible is it for Leo Gerard, head of the United Steelworkers union - when accusing the Chinese of unfair trade practices - to publicly thunder that "American workers, communities and industry have every right to expect their government to take action. It is long, long overdue"? And what dangers lurk in inflammatory headlines such as this one from September: "US

lawmakers to target China, grill Geithner"?

"TARGET China"....
"GRILL Geithner...." Oh dear. Such language - although perhaps not MEANT to incite violence against the Chinese or against government officials publicly accused of being too soft on China - stoke irrational resentments and are too likely to nudge unstable fanatics to go on shooting rampages against American corporations who outsource to China, or even against American consumers who shop at Pier 1 Imports.

10 January 2011

Friends,

My GMU Econ, and Mercatus Center, colleague Tyler Cowen is quoted to good effect in this dispatch from The Economist:
<http://www.economist.com/blogs/freeexchange&fsrc=nwl>

10 January 2011

Ms. Nahila Campos
Interim Haiti Recovery Commission

Dear Ms. Campos:

Thanks for sending along your organization's press release boasting that "Cleaning Up Haiti's Debris Creates Jobs and Opportunity for Haitians."

Your press release enlightens persons who are so blinkered that they believe the myth that huge earthquakes, such as the one that struck Haiti last year, are unmitigated catastrophes. Sure, many people are killed by the massive destruction. But the shining bright side is all the "jobs and opportunity" that are bestowed on the survivors.

Let's pray that when the current clean-up effort is completed Haiti will be blessed with yet another earthquake – or, perhaps, a category 5 hurricane – so that her people will continue to enjoy "jobs and opportunity." With enough devastating natural disasters, Haiti might even become a thriving, industrial, wealthy first-world economy.

10 January 2011

Editor, USA Today

Dear Editor:

While the term "death panel" is over-the-top, the concern that sparks the

use of this term is real and justified ("Nonsense about 'death panels' springs back to life," Jan. 10).

As you recognize, resources for supplying medical care are scarce, and will remain so forever. This fact means that much medical care that would be provided in a world without scarcity must go unprovided in reality. And so the question arises: who decides which medical treatments to undergo and which to forego?

To the extent that government is charged with supplying medical care - either directly or by paying for it - the entity that will unavoidably answer the above question is government. Decisions about which treatments to pursue and for how long will, of necessity, be removed from patients and their families. These decisions will instead be made by strangers.

Call this impersonal decision-making process what you will. Government cannot be given greater responsibility for supplying health care without also being given greater power to deny life-saving treatments - and the duty, in many cases, to do so.