## 2011 ISSUE

## Comment on the Commentary of the Day by Donald J. Boudreaux Chairman, Department of Economics George Mason University <u>dboudrea@gmu.edu</u> 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 2011

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

Dear Editor:

From the intro to Joe Nocera's paean to G.M.'s new electric car we learn that "The thrill of driving the Chevrolet Volt comes from being in control of how much gasoline you use" ("Is This Our Future?" June 26).

Mr. Nocera rightly celebrates individual control. But what about the many thrills that G.M. and its subsidizing-happy cronies in Washington denied to American taxpayers by preventing us from being in control of how much money we spend on G.M. products? Why is THAT control and its attendant thrills unworthy of the same celebration?

More generally, why does the prospect of each individual being in greater control of how his or her money is spent elicit so often in your pages, not celebration, but scorn?

25 June 2011

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

Dear Editor:

Regarding the graphic pictures that, by government decree, will adorn all cigarette packages sold in America, Christopher Buckley writes: "I'm not against the new cigarette labels, but I'm not sure I'm for them. Cigarettes kill - no argument there. So does alcohol. If that pack of Marlboros is going to look like a page from a medical textbook, shouldn't bottles of Bud carry pictures of car crashes, or cirrhotic livers, or beaten wives? Shouldn't Big Macs come with photos of early contestants from 'The Biggest Loser'?" ("Thank you for not warning me about smoking," June 24).

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True dat. But why not also require that graphic warning pictures be draped over government buildings? The Federal Reserve building, for example, might be covered with a huge picture of a graph showing that, since the Fed's creation, the dollar has lost 96 percent of its value. Truth in advertising would be further promoted if the U.S. Capitol's exterior featured a supersized photo of Rep. Barney Frank who in 2003, after applauding Fannie and Freddie for promoting more home-ownership than would be promoted by the market, proclaimed "I want to roll the dice a little bit more in this situation towards subsidized housing."

[http://online.wsj.com/articl e/SB122290574391296381 .html]

And from the roof of the White House to its lawn, let hang ginormous photographs of American troops returning home in body bags from Vietnam, Iraq, and other theaters of war in which Uncle Sam had no business acting.

23 June 2011

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

Applauding the NLRB's attempt to stop Boeing from buying lower-priced labor in South Carolina, Kate Bronfenbrenner writes that "If the NLRB did not take on such cases, it would cede to employers unilateral control over a large swath of the U.S. workplace" ("A good case against Boeing," June 23).

Craziness.

Does the absence of a government agency empowered to stop grocery shoppers from buying lower-priced at competing supermarkets cede to grocery shoppers unilateral control over a large swath of U.S. supermarkets? Of course not.

In a dynamic market with tens of thousands of employers competing for labor, the notion that even a large employer such as Boeing has "unilateral control" over the labor market unless reined in by government bureaucrats is ridiculous.

23 June 2011

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

Dear Editor:

Re Kath Bronfenbrenner's claim that Boeing's plan to build some jetliners in South Carolina violates federal regulations ("A good case against Boeing," June 23): whatever is Boeing's motivation for expanding its operations in lower-wage South Carolina rather than in higher-wage Washington state, its expansion in South Carolina would modify a trend that you frequently insist is unraveling America's social fabric namely, growing income 'inequality.'

By increasing the demand for lower-wage nonunionized workers while decreasing the demand for higher-wage unionized workers, the difference between the annual incomes of these groups of workers shrinks. Incomes thereby become less 'unequal.'

As if led by an invisible hand, Boeing is helping to reduce income 'inequality.'

22 June 2011

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

Dear Editor:

First Nelson Lichtenstein asserts that Wal-Mart uses an "authoritarian style, by which executives pressure store-level management to squeeze more and more from millions of clerks, stockers and lower-tier managers" ("Wal-Mart's Authoritarian Culture," June 22). Then he scolds Wal-Mart for being so bigoted that it erects "obstacles to women's advancement."

This tale is highly improbable.

A company that squeezes maximum possible profits from its workers does not refuse to promote women simply because of their sex. Such refusals would leave money on the table by keeping many employees in lower-rank positions even though those employees would add more to the company's bottom line by being promoted to higher-rank positions. Conversely, a company that indulges its taste for bigotry is not a company intent on squeezing as much profit as possible from its employees.

If Ms. Jones can add thousands of dollars annually to Wal-Mart's profits by working as a manager, rather than hundreds of dollars annually by working as a cashier, squeezing "more and more" from her requires that Wal-Mart promote her to manager.

It's simply unbelievable that a company with Wal-Mart's record of consistently wringing profits from razorthin retail margins intentionally - or even negligently - wastes the talents of large numbers of its employees by using them in ways that do not add maximum value to Wal-Mart's bottom line.

21 June 2011

Programming Director, WTOP Radio

Dear Sir or Madam:

Driving from the gym during today's 1pm hour I caught your report on yesterday's Washington Post article about income inequality. Your reporter presumes that income differences necessarily reflect something amiss.

That presumption is mistaken.

I spend about six hours weekly (and weakly!) lifting weights at the gym. The modesty of my effort combines with my age (early 50s) to ensure that I'll never be as buff as younger guys who spend more time at the gym than I do. The result is muscle inequality! And I'm tempted to feel envious. I want to be as bulgingbiceped, broad-shouldered, and chiseled as are my young gym-rat friends.

Really, though, how seriously do I want this outcome? I could build more muscle if I spent not six hours weekly at the gym but, rather, six hours daily. But I choose not to do so. Spending more time at the gym means spending less time working (that is, earning income), less time with family and friends, and less time doing other things that I judge to be worthwhile. The fact that I'd be more buff if being more buff were costless is irrelevant. It's NOT costless; therefore, the size of my muscles is largely the result of the way I choose to make tradeoffs.

So I resist the temptation to envy men with bigger muscles (men whose muscles, do note, were not built with fiber taken from my muscles). And if muscle redistribution by government were possible, I'd oppose it. Not only would the result be less muscle bulk to 'redistribute' (Would you pump weights for hours each day knowing that a large chunk of what you build will be stripped away and given to someone else?) but, more importantly, I'm not entitled to the confiscated fruits of other people's efforts.

## 21 June 2011

Editor, Los Angeles Times

Dear Editor:

Jonah Goldberg says that the U.S. should continue its unwise military intervention in Libya because "if you invest America's and NATO's prestige in an obstreperous North African backwater, you'd better recoup a worthwhile return on that investment" ("Libya and America's commitment problem," June 21).

Mr. Goldberg mistakenly assumes that ousting Col. Qaddafi is necessarily "a worthwhile return." But would Qaddafi's ouster be worthwhile if it consumes a full year's worth of U.S. GDP? Surely not. How about a half-year's worth? No. So if the value of ousting that madman is not unlimited, Mr. Goldberg cannot possibly know that continued expenditures on this front will eventually vield "a worthwhile return."

No private firm continues pouring resources into efforts, say, to develop a new product once that firm realizes that the value of the new product - even if it's eventually produced will be lower than the value of the additional resources required to bring it to market.

Instead, when a private firm discovers that its efforts to develop a new product are failing, it shifts resources from the failing venture to more promising ventures. Rivals of that firm don't conclude that it is therefore a weakling ripe for otherwise daunting competitive challenges. And investors don't conclude that that firm is so lacking in determination that further investments in it are unwise. Quite the opposite. Firms that persist in losing efforts perish. Successful firms, in contrast, are less interested in proving their mulishness than in marshaling their scarce resources wisely.

21 June 2011

Editor, Los Angeles Times

Dear Editor:

Jonah Goldberg says that, although American military intervention in Libya is unwise, an end now to this involvement would send a signal to tyrants everywhere that "the West's bark is worse than its bite" ("Libya and America's commitment problem," June 21).

Perhaps. But it's more likely that the signal that withdrawal now from Libya would send is that, because Uncle Sam doesn't persist in wasting resources on unimportant fronts, the U.S. military will have more resources to deploy and concentrate on fronts judged to be more pressing.

If you were contemplating an armed attack on America, would the fact that American resources are currently mired in campaigns of dubious importance, indeterminate length, and unpredictable outcome really make you less likely to launch your attack?

20 June 2011

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

Dear Editor:

Thomas Geoghegan's outburst against Boeing's plan to operate a factory in South Carolina is a swirl of disingenuous, illogical, and economically laughable assertions ("Boeing's Threat to American Enterprise," June 20). To the extent that one deciphers this zany mess, Geoghegan's argument boils down to this: by taking advantage of a lesscostly source of labor, Boeing undermines its own quality and America's industrial might while discouraging young people from going to college.

## Nonsense.

Firms remain vibrant in a competitive economy by constantly reducing their production costs. And switching production activities from high-cost workers to lower-cost workers is no less effective a means toward this goal and no more unusual or ominous - than is switching production activities from high-cost workers to lowercost machines.

Would Mr. Geoghegan argue that Boeing's consistently increasing mechanization of its operations over the years promoted American industrial decline? Would he support government efforts to force Boeing to destroy all of its computers and have its aircraft designed instead by armies of engineers equipped only with slide rules and pencils? Would he want Boeing's production-line workers to use only 1950sera (or, better yet, 1920sera) hand tools? Does Mr. Geoghegan think that returning to such laborintensive methods of aircraft design and production would improve the quality of Boeing's operations and products while simultaneously promoting America's industrial might and encouraging young people to go to college?

The head aches just to pose the questions - and aches worse to realize that his 'arguments' imply that he'd answer 'yes.'