



## Comment on the Commentary of the Day

by

Donald J. Boudreaux  
 Chairman, Department of Economics  
 George Mason University  
[dboudrea@gmu.edu](mailto: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.**

---

23 January 2010

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

To the Editor:

American Sugar Alliance economist Jack Roney asserts that "Sugar policy operates at no cost to taxpayers" (Letters, Jan. 23). This assertion is true only if taxpayers never use sugar or sugar substitutes: sugar tariffs force Americans to pay an extra \$2.5 billion annually for cane sugar, PLUS more for sugar substitutes, such as corn syrup, whose prices are driven up by the artificially high demand that

sugar tariffs create for these substitutes.

Mr. Roney is correct that the higher prices caused by these tariffs don't appear in Uncle Sam's budget. But so what? It's as ludicrous to imply that these tariffs are costless as it would be to imply that a government policy forcing persons whose home addresses end in an odd number to write checks for \$10 to their neighbors directly across the street is costless. In both cases, the benefits that government commandeers for some are paid for by others.

22 January 2011

Mr. Ian Fletcher

Dear Ian:

Thanks for your e-mail today in which you offer to sell me a copy of your book *Free Trade Doesn't Work*.

Just this once I'll accept your argument that free trade, in fact, doesn't work - and so, in honor of your discovery, I refuse to import a copy of your book into my home.

After all, I have my own competing book on trade, and I continue to produce writings on this topic almost daily. Surely you agree that any support that I give to a rival will only harm me - that my

spending money on your book leaves less money for me to spend on my own book. And why would I do that? Why should I buy from strangers - persons, such as yourself, who are foreign to my household - products and services that I make a good living producing myself?

Indeed, why would ANYONE outside of your own household buy your book if, as you claim, free trade doesn't work? The path to riches is for each household to write and print its own books!

Thank you for articulating the intellectual case that saves me - and, hopefully, every other human being outside of your own home - from making the mistake of buying your book.

---

22 January 2011

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

Dear Editor:

Your report "Corporate contributions have surged for new Republican leaders in House" (Jan. 22) is hardly news.

Golden-egg-laying geese are targeted for slaughter by hunters armed with big,

bad bazookas. Vultures who thrive by feasting on geese carcasses incessantly peck at these hunters, prodding them to keep blasting away at the geese. The geese, for their part, try to save their skins by blinding the hunters with shiny golden eggs.

To add to the melee, some particularly greasy geese conspire with the vultures and hunters to arrange the massacre of other geese and to share the spoils.

The flock of geese thins. The bazookas get bigger and badder. The vultures, fatter than yesterday, circle.

And so it goes.

---

22 January 2010

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

To the Editor:

Cab driver Melissa Plaut asserts that Mayor Bloomberg's proposal to allow livery cabs to pick up street hails in New York City "would hurt the taxi industry more than it would help the public" ("Mayor Bloomberg, Back-Seat Driver," Jan. 22). She then

offers versions of the same specious arguments that were used 35 years ago by airlines and trucking firms to argue against what experience now shows to have been the successful deregulation of those industries.

The purpose of the taxi industry ultimately is not to secure benefits for itself but to transport willing customers. The only relevant test for this proposal is if it increases benefits to paying passengers. Period. If paying passengers benefit over the long run, even if only a smidgen, no amount of corresponding harm to the taxi industry justifies blocking the proposal.

---

21 January 2011

Mr. or Ms.  
FedupwithHayek

Dear Mr. or Ms.  
FedupwithHayek:

You write: "You [Don Bx] wrong[ly] assume workers don't want more job security. They do. They don't appreciate trade lowering that security."

I disagree, at least with the implication that the value to workers of greater job security exceeds the costs

of supplying such security.  
Consider:

Nothing prevents a firm - say, Acme, Inc., a chain of hair-styling salons - from offering the following sort of deal to consumers: "Acme will cut your hair, but only on condition that you agree to buy at least six haircuts each year from Acme for the next 25 years." If Acme gets enough customers to buy haircuts on this condition, then it can offer more job security to its stylists, receptionists, and other employees than can Acme's competitors who do not condition the sale of haircuts on customers' willingness to sign such contracts.

Obviously, consumers won't buy haircuts from Acme on these terms unless Acme makes these terms worthwhile to consumers - say, by offering haircuts at MUCH lower prices.

But to operate profitably while charging much lower prices, Acme would have to find enough employees who value job security so highly that they're willing to work for wages far below what they would earn by working elsewhere.

Because I see no such successful attempts by firms to cater to the alleged demand that workers have for greater job security, I conclude that workers in general are not willing to pay the cost of securing job security. In short, the value to workers of greater job security is less than is the value to them of higher wages today.

---

21 January 2010

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

To the Editor:

Paul Krugman argues that the Chinese yuan is undervalued ("China Goes to Nixon," Jan. 21). In paragraph four he explains why: "The root cause of China's muddle is its weak-currency policy, which is feeding an artificially large trade surplus."

In short, Beijing keeps the value of the yuan too low by buying dollars with newly created yuan - a policy that Mr. Krugman correctly recognizes to be inflationary.

But as we read on to paragraph ten, we find Mr. Krugman singing an altogether different dirge.

He there complains that Beijing now is "trying to control inflation by raising interest rates and restricting credit. This is destructive from a global point of view: with much of the world economy still depressed, the last thing we need is major players pursuing tight-money policies."

If the "root cause" of the low value of the yuan is Beijing's inflationary monetary policy - and if this policy harms, as Mr. Krugman says, both China and the rest of the world - why does Mr. Krugman scold Beijing for tightening its monetary policy?

---

20 January 2011

Editor,  
English.Xinhuanet.com

Dear Editor:

I want to jab a chopstick into my eye when I read that "China is willing to work with the United States on the imbalance of bilateral trade through communication and cooperation" ("China, U.S. need cooperation to solve trade imbalance: Chinese minister," Jan. 20).

There is NOTHING to work on. There's no meaningful "imbalance" requiring a

"solution." Rather than signaling a problem, a bilateral trade "imbalance" is as predictable as finding fish in the ocean. Indeed, in this world of nearly 200 countries - and in which money can be invested as well as spent buying exports - it would be beyond freakishly odd if, month in and month out, the Chinese were to purchase exactly as many exports from America as Americans purchase from China.

I challenge anyone to find in any respected international-economics textbook or scholarly economics-journal article even the remotest hint that, in a world of more than two countries, trade between any two nations should be "balanced."

---

20 January 2011

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

Dear Editor:

Unlike E.J. Dionne, I neither admire nor find inspiration in JFK's famous line "Ask not what your country can do for you - ask what you can do for your country" ("Kennedy's inaugural address presents a challenge still," Jan. 20).

The late Milton and Rose Friedman explained best why that statement is detestable:

"Neither half of the statement expresses a relation between the citizen and his government that is worthy of the ideals of free men in a free society. The paternalistic 'what your country can do for you' implies that government is the patron, the citizen the ward, a view that is at odds with the free man's belief in his own responsibility for his own destiny. The organismic, 'what you can do for your 'country' implies the government is the master or the deity, the citizen, the servant or the votary." [Milton and Rose Friedman, *Capitalism and Freedom* (University of Chicago Press, 1962), p. 1.]

Free men and women abhor the very thought of being either wards or servants of the state, and are not charmed out of this attitude by soaring slogans.

---

19 January 2011

Programming Director,  
WTOP Radio  
Washington, DC

Dear Sir or Madam:

During today's 11am hour your anchors interviewed a "trade expert" with the AFL-CIO who asserted that "China, with its low wages, will outcompete the U.S. for investments and customers unless Congress intervenes."

Forget that this "trade expert" seems to be unfamiliar with the principle of comparative advantage. Let's look at some relevant empirical evidence - namely, the amount of foreign direct investment (FDI) [As defined by Richard Caves, Jeffrey Frankel, and Ronald Jones on page 285 of the 9th edition of their widely used textbook *World Trade and Payments* (Addison Wesley, 2002), "Foreign direct investment occurs when the residents of one country acquire control over a business enterprise in another country. The acquisition may involve buying enough stock in an existing enterprise to become a controlling shareholder...., taking over the enterprise outright, or building a new factory or enterprise from scratch...."] that China has received over the past decade compared to the amount that the U.S. has received. If the "expert's" claim is correct, China should be receiving more FDI than is

America as investors swarm into that Asian nation to take advantage of its low wages.

But in fact, over the ten-year span 2000 through 2009, the total amount of FDI received by China was \$685.8 billion, while the total amount of FDI received by the U.S. was \$1,799.1 billion. That is, America's inward FDI was 162 percent HIGHER than was China's. On a per-capita basis, the figure is even greater: America's per-person inward FDI during these years was ten times (!) greater than was China's. [FDI figures were calculated using this very helpful database from UNCTAD:

<http://unctadstat.unctad.org/TableViewer/tableView.aspx?ReportId=88>]

So much for the case that low-wage countries suck investments away from high-wage countries.

---

19 January 2010

Friends,

My GMU Econ colleague Alex Tabarrok penned this captivating article for the Winter 2011 issue of The Wilson Quarterly. In it, Alex explains how one aspect of law enforcement is successfully provided

privately in the U.S.: bounty hunting:

<http://www.wilsonquarterly.com/article.cfm?AID=1775>

---

19 January 2010

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

To the Editor:

David Leonhardt says that unemployment remains high in the U.S. largely because "American employers operate with few restraints.... Many companies can now come much closer to setting the terms of their relationship with employees" ("In Wreckage of Lost Jobs, Lost Power," Jan. 19).

Only six paragraphs later, though, Mr. Leonhardt reports that "In this country, average wages for the employed have risen faster than inflation since 2007, which is highly unusual for a downturn."

If American employers are so powerful, why are real wages rising despite high unemployment? One explanation is that employers magnanimously pay more than they must to get the workers they need. A better explanation is that competition for workers

remains intense. If true, this fact suggests that workers are not so interchangeable as they are believed to be by Mr. Leonhardt and others who advocate simplistic programs to "share" existing jobs.

Unemployment will fall only when new jobs - new opportunities - are created for the specific talents of workers now unemployed. Surely if businesses were as powerful as Mr. Leonhardt asserts, they would already have jumped at the opportunity to profit by tapping into the talents of today's millions of unemployed Americans.

---

18 January 2011

Editor, DNAINFO

Dear Editor:

Your report on the NYPD's vigilant, no-time-wasted towing away of Paty's Taco Truck from the Upper East Side provides a vital clue to the puzzle of why New York City streets remained so impossibly clogged during last month's snow storm ("Police Welcome Taco Truck Back to Upper East Side by Towing It," Jan. 18, <http://www.dnainfo.com/20110118/upper-east-side/police-tow-taco-truck->

[upon-upper-east-side-homecoming](#)): Hizzoner Bloomberg specializes in clearing city streets, not of snow, but of entrepreneurs.

18 January 2011

Editor, The Florida Times-Union

Dear Editor:

You report that "U.S. Rep. John Mica, R-Florida, supports constructing a high speed rail system between Orlando and Tampa" ("John Mica supports high speed rail from Orlando to Tampa," Jan. 18). When I first read this line I rejoiced: "Finally! A politician who is himself paying for - 'supporting' - what other politicians force other people to pay for."

Alas, my admiration for Mr. Mica immediately turned into detestation as I continued reading: "On Tuesday morning Mica, chairman of the House Transportation and Infrastructure Committee, expressed support for the project to the Florida Statewide Passenger Rail Commission, which was holding a meeting at the Florida Department of Transportation offices in downtown Jacksonville. But Mica conditioned his support by saying no state

money should go towards the \$2.7 billion project. Federal stimulus money is expected to pay for about \$2.4 billion. The rest of the money should come from a private company, Mica said."

So not only does Mr. Mica "support" building a railroad in Florida only with other people's money - 89 percent of which comes from federal taxpayers who have no choice in matter - his support is conditioned on ensuring that residents of Florida pay no more for this project than do residents of Wyoming and West Virginia.

So much, at least, for THAT Republican's principled stand against a bloated and Constitutionally challenged government addicted to spending other people's money on politically flamboyant boondoggles.

18 January 2011

Editor, CBS News.com

Dear Editor:

You write that "Back in 2003, 3 percent of U.S. catfish sales came from foreign countries. In 2009, that grew to 57 percent. CBS News Correspondent Mark Strassmann reports

that farmers in Alabama are fed up and want the government to do something about it" ("Catfish Imports Worry U.S. Fish Farmers," Jan. 17).

Translation: "Audaciously spending their money as they choose, more and more American consumers are buying catfish from foreign suppliers. CBS New Correspondent Mark Strassmann reports that catfish farmers in Alabama are fed up and want the government to stop each of these consumers from spending his or her money as that consumer sees fit and, instead, to spend his or her money in ways that American catfish farmers see fit."

17 January 2011

Mr. Donald Trump  
NYC

Dear Mr. Trump:

A friend sent me a link to your interview on a recent Michael Savage radio show. You're angry at China because Americans "no longer make things." You are mistaken: American manufacturing output is now near an all-time high, and America remains the number one manufacturer in the world.

It's true that manufacturing JOBS are decreasing, but rather than blame the Chinese, your anger would be better targeted (if not better justified) if you blamed American innovators and even American manufacturing workers. Productivity per-worker in U.S. manufacturing plants is so high today because modern technology permits a small handful of workers to do what in the past took a horde of workers to do.

The greatest competition for Americans seeking manufacturing jobs comes not from the Chinese or from other foreign workers; it comes from other Americans - and the

technology they work with - who produce so much per worker that relatively few manufacturing workers are needed today.

---

17 January 2011

Editor, CNNMoney.com

Dear Editor:

Steve Hargreaves writes that "By buying so many Chinese goods, the country is literally sending its dollars abroad. The Chinese then use those dollars to buy U.S. government bonds. While that allows the United States to continue borrowing, it's bad because taxpayers must pay interest on those loans"

("Five Chinese trade tricks," Jan. 17).

Ummm.... Uncle Sam ran budget deficits long before the Chinese starting buying U.S. treasuries. And it's a bizarre and unflattering view of Congress in which that body is somehow lured into fiscal imprudence simply because Americans import more from the Chinese than the Chinese import from Americans.

Finally, even if Uncle Sam borrowed every cent of his debt from Americans, it would still be true that "taxpayers must pay interest on those loans." Chinese creditors are not unique in demanding interest payments on the funds that they lend.