



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.

25 August 2011

Mr. Nolan M_____

Dear Mr. M_____:

Thanks for your e-mail.

You write "While free trade works when economies are fully employed, tariffs must be used when economies are depressed.... Why do you [Boudreaux] deny this necessity?"

I'm consumed now with other work, so I've not the time to reply as fully as I'd like. Here, though, are two quick points:

First, economists widely agree that prolonged high unemployment rates are

not caused by international trade but, instead, by poor domestic policies. (There is, to be sure, much disagreement over just what those poor domestic policies are.) Prescribing tariffs as a remedy for high unemployment is like prescribing LSD as a remedy for broken bones: it might create the hallucination that a remedy is in the works, but it will in fact only inflict further harm on the patient.

Second, IF the premise of your argument is correct, you should not stop with obstructing cross-border trade. You should propose also that, say, people be prevented, during recessionary downturns,

from buying used cars (think of all the auto-factory jobs that would thereby be created); that people be prevented from preparing meals at home (think of all the restaurant jobs that would thereby be created); and that people be prevented from sleeping at home (think of all the hotel, motel, and B&B jobs that will thereby be created).

If (as I suspect) you believe that such additional restrictions on people's freedoms are inappropriate, what reason have you to suppose that restricting people's freedom trade with non-Americans is appropriate?

23 August 2011

Editor, Washington Times

Dear Editor:

Reviewing the Congressional tariff debate of 1909, the eminent Harvard economist Frank Taussig lamented that members of Congress consistently reveal a "disheartening" and "depressing" unfamiliarity with facts and with the tenets of even the most basic economics. [F.W. Taussig, "The Tariff Debate of 1909 and the New Tariff Act," Quarterly Journal of Economics, Vol. 24 (1) 1909, pp. 1-38. The quotations appear on pages 7 and 10]

Rep. Duncan Hunter's harangue against free trade in your pages today suggests that little has changed in the past century ("Stop exporting American jobs"). Asserting that U.S. manufacturing "began its decline even before the current downturn," Mr. Hunter apparently confuses manufacturing employment with manufacturing output. Manufacturing employment began declining in the 1970s; not so for manufacturing OUTPUT. In fact, new orders for U.S. manufactured durable goods reached an all-time

high in December 2007, the month the recession began.

[<http://4.bp.blogspot.com/-CLfXvmUbGqU/TbgWUwa2FSI/AAAAAAAAAPPo/HwRnBMDnYEU/s1600/durable.jpg>] And today (June 2011), these orders are 20 percent higher than they were at their recession nadir in June 2008.

[<http://webcache.googleusercontent.com/search?q=cache:4wS4oHSyNakJ:www.census.gov/manufacturing/m3/adv/NewPressText.xls+manufacturing+%22durable+goods%22+%22census+bureau%22&cd=2&hl=en&ct=clnk&gl=us&source=www.google.com>]

Ignorance of these (and other) facts couples with Mr. Hunter's outrageous complaint that "The Chinese government is also the single largest holder of U.S. debt" to render Mr. Hunter's essay a screed.

Whatever are the demerits of foreign governments lending money to Uncle Sam, for a member of Congress - the very agency that is now issuing debt in historically unprecedented volumes - to complain that Beijing is buying much of that debt is the height of duplicity. And for Mr. Hunter then to propose that the same

Congress that is issuing this debt 'solve' the alleged problem by further restricting Americans' freedom to trade is an obnoxious insult both to our intelligence and to our liberties.