



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.

20 November 2011

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

Dear Editor:

Apart from the irony of Adbusters's Kalle Lasn and Micah White receiving for their essay the imprimatur of publication in today's Washington Post - one of the world's most famous media brands - their call to replace market forces with greater government power is naïve in the extreme ("Why Occupy Wall Street will keep up the fight").

Increases in government power expand, rather than shrink, producer-groups'

access to unwarranted privileges - privileges that are unavailable in competitive markets. As the economist and historian Deirdre McCloskey notes in her book "The Bourgeois Virtues": "When American steel producers get tariffs or when sugar beet growers get import quotas it is not because of their market power but because of their political power, their access to an all-powerful state." [Deirdre N. McCloskey, *The Bourgeois Virtues* (University of Chicago Press, 2006), p. 35.]

18 November 2011

Mr. Gus Lubin

Business Insider

Dear Mr. Lubin:

Saying that "the '99%' do have a point," you favorably quote Aneta Markowska's allegation that today's economic woes are caused partly by income inequality ("SocGen Explains How Income Inequality Is A Growth Killer," Nov. 18). Says Ms. Markowska: "As of 2008, 48% of national income accrued to 10% of the population. The remaining 90% took in only 52% of income, which is insufficient to maintain mass consumption."

Ms. Markowska's claim that spending is now

"insufficient to maintain mass consumption" is questionable. Inflation-adjusted personal consumption expenditures are HIGHER today than they were just before the current recession began. [See the U.S. Bureau of Economic Analysis's National Income and Product Accounts Table 2.1: "Personal Income and Its Disposition." (The figures there are in current dollars; I adjusted them for inflation using the Minneapolis Fed's online inflation adjuster.)) But even if her claim were true, caution is justified before accepting it as a case for income redistribution.

Consider that an influential group of scholars, led by Cornell's Robert Frank, argues for income redistribution on grounds opposite those suggested by Ms. Markowska. Mr. Frank thinks that consumer spending is chronically excessive. As he explained last year in the New York Times, "The rich have been spending more simply because they have so much extra money. Their spending shifts the frame of reference that shapes the demands of those just below them, who travel in overlapping social circles." All this spending, by rich and poor alike, to

keep up with the Joneses robs us of what Mr. Frank feels we really want more of: leisure, quality time with family and friends, and tax-funded public goods. So he seeks to soak the rich not to stimulate consumer spending but to reduce it.

My point isn't to endorse Mr. Frank's ideas. It is instead to show how tempting and easy it is to construct superficially 'scientific' justifications for taking other people's money.

18 November 2011

Programming Director,
WTOP News Radio
Washington, DC

Dear Sir or Madam:

I was amused by the Occupy DC protester who, interviewed during today's 8am hour, complained both about government favors to banks and other businesses AND about the fact that Wal-Mart recently got permission to open six stores in DC. This young man apparently believes that government refusing to prevent businesses from competing for consumer dollars is the same as government forcibly transferring money from consumers to businesses. But he's mistaken.

He'd do well to read Deirdre McCloskey's 2010 book *Bourgeois Dignity* - or, if not the whole book, at least this apropos observation on page 260: "True, the oil executives who were granted numerous opportunities to chat up vice president Dick Cheney when he ran the U.S. government are going to earn more dollars than a local store owner complaining to her Chicago alderman that the opening of a Wal-Mart will ruin her. Yet there's no difference in principle - or, adjusting for scale, in practice - between the two cases of lobbying." [Deirdre N. McCloskey, *Bourgeois Dignity* (University of Chicago Press, 2010)]

17 November 2011

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

Dear Editor:

You note that "Every year, young adults leave the nest, couples divorce, foreigners immigrate and roommates separate, all helping drive economic growth when they furnish and refurbish their new homes" ("As New Graduates Return to Nest, Economy Also Feels the

Pain," Nov. 17). So how sad it is that today more young adults opt to save money by living with their parents. This economically irresponsible behavior, as you report, "deprive[s] the economy of a lot of potential activity."

Trying times demand bold action. I propose that government prohibit people over the age of 21 from living with their parents. The resulting additional expenditures on furniture, kitchenware, and the like will help spark recovery.

A truly Progressive Congress will go farther by also requiring every family to own at least two homes, with added tax breaks if the homes are 2,000 miles or more apart. (That way, families will stimulate the economy even more by spending on motels or air travel whenever they trek between their residences.) Further, crushingly punitive taxes should be levied on marriage and (This will help win the votes of the 'family-values' members of Congress!) a strict prohibition enforced against unmarried people 'shacking-up.'

Audacious? You bet. But as that great seer of the curse of saving, Lord Keynes, advised during an

earlier spell of economic despair, "We must free ourselves from the bondage of old ideas."

16 November 2011

Mr. Brett Decker, Editor
Washington Times

Dear Mr. Decker:

Interviewed about your new book on China [<http://www.washingtontimes.com/news/2011/nov/15/the-chinese-century/?page=1>], you were asked the following question: "You write that China's growth is directly tied to our ruin. Why is that so? Why can't both America and China prosper economically?" ("The Chinese century," Nov. 16). Your answer is that the Chinese are pursuing a policy that you call "the diminishment of the competition, most especially America."

How, exactly, are we Americans 'diminished'? Is it through our better access to low-priced Chinese goods? Would we be 'amplified' if, as you advocate, Congress imposed tariffs and other trade restrictions that raise the prices we as consumers pay for products such as cell phones and clothing? Would be 'elevated' if we

as producers must pay higher prices for inputs such as power-generating equipment and steel?

And is China strengthened by the taxes that Beijing extracts from the Chinese people to make computers, furniture, medical equipment, and other valuable outputs more accessible to the American people? Is the Chinese economy fortified by the inflation of the renminbi - inflation that is inevitable insofar as Beijing keeps the exchange-rate of that currency artificially low against the dollar?

In short, please explain how the Chinese are enriched - and Americans 'diminished' - if Beijing forcibly removes from its own economy unusually large quantities of goods and inputs for shipment to our shores?

15 November 2011

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

Dear Editor:

Ivan Hills says that "There is no place in the Democratic Party today for true (classical) liberals" (Letters, Nov. 15). Sad,

that - but largely true, given the original meaning, especially in Britain, of the term "liberal." Today's "liberals" trust the monopoly state over the competitive market, and see in a vigorous, all-warmly-embracing state humankind's best hope for achieving order and prosperity. For them, expanding the power of government might not be sufficient to ensure harmony and widespread wealth, but it is certainly necessary.

Experience and reason recommended to liberalism's founders the opposite view: restraining the power of government might not be sufficient to ensure harmony and widespread wealth, but it is certainly necessary.

Read F.A. Hayek's description of the politics of British liberals at their zenith in the mid-19th century and ask how much of this program today's "liberals" endorse: "Their predominant free trade position was combined with a strong anti-imperialist, anti-interventionist and anti-militarist attitude and an aversion to an expansion of governmental powers; the increase of public expenditure was regarded by them as mainly due to

undesirable interventions in overseas affairs. Their opposition was directed chiefly against the expansion of the powers of central government, and most improvements were expected from autonomous efforts either of local government or of voluntary organizations." [F.A. Hayek, "Liberalism" (1973): <http://www.angelfire.com/rebellion/oldwhig4ever/>]

14 November 2011

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

Dear Editor:

Discussing expanded American trade with the Chinese, President Obama told a business group in Honolulu "those are potential customers for us in the future" ("Obama Sees an Opening on China Trade," Nov. 13).

Yep. And a bigger pool of customers is indeed good because in many industries it encourages larger-scale investments and R&D projects that allow firms to produce and sell at lower per-unit costs than are possible with only a smaller pool of customers.

But with his comment Mr. Obama singled-out the least-important benefit of expanded American trade with China. Had he instead singled-out the most-important benefit he would have said instead about the Chinese people: "those are potential PRODUCERS for us in the future."

To make this point is not to cavil. It is to warn against being misled by the flawed

mercantilist notion that trade's benefits lie in what we produce for others. In fact, trade's benefits lie in what others produce for us. Failure to understand this fact fertilizes the soil on which the greedy, destructive weeds of protectionism grow.