2012 ISSUE B>Quest BUSINESS QUEST 1996 - 2012

Comment on the Commentary of the Day

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6 July 2012

Editor, Los Angeles Times

Dear Editor:

Although he properly defends the Citizens United decision, Michael Kinsley laments that "The influence of money in politics is greater than ever" ("Citizens United got it right," July 6). His proposed solution is to inspire voters to toss from office politicians who spend "an offensive amount of money on the effort to get reelected."

Indeed - so let's stop worrying about the relatively paltry sums contributed to political campaigns voluntarily and then spent on the likes of television ads and shiny posters. Let's attack the heart of the matter by tossing from office politicians who buy votes with money taken from taxpayers involuntarily and then spent on the likes of "green-energy" appropriations and subsidized student loans.

Perhaps it's a problem that votes are bought every two and four years with campaign funds. But this problem dims into utter insignificance in light of the reality that votes are bought every second of every day with far more offensive sums of taxpayer funds.

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3 July 2012

Mr. Andrew Mollenbeck,
Reporter
WTOP Radio
Washington, DC

Dear Mr. Mollenbeck:

RE your "Reports of price gouging emerge in storm's aftermath" (July 3). Gasoline prices did indeed rise. But this higher cost of gasoline wasn't caused by gasoline-station owners; it was caused by the thunderstorms that disrupted gasoline supplies. Higher prices at the pump merely reflected this regrettable fact.

Had station owners not raised prices at the pump, motorists would have spent more time queuing to buy gasoline - thus causing instead the time-cost of gasoline to rise.

So it's pointless to complain to the Attorney General about being "gouged" by station owners who, by raising prices at the pump, obliged motorists to spend more MONEY buying gasoline. Had these prices not risen, motorists would instead have "gouged" each other by raising the amount of time they were willing to spend waiting in queues, thus obliging fellow motorists to spend more TIME buying gasoline.

Because time is indeed money, there was simply no escaping the reality that the storm made gasoline more costly.

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2 July 2012

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

Dear Editor:

Steven Pearlstein correctly notes that the economic theory in support of free trade "is based on a number of assumptions" - but he mistakenly suggests that many of these assumptions often don't hold in the real world ("Outsourcing: What's the true impact? Counting jobs is only part of the answer." July 2).

In fact, the critical assumptions on which the economic case for free trade rests are highly descriptive of reality: (1) the ultimate justification for economic activity is to improve living standards for consumers; (2) producers facing competition serve consumers better than do monopolists; (3) each party to a voluntary trade is generally made better off by such trades; and - most importantly - (4) the first three assumptions aren't nullified merely by putting a national political border between consumers and producers.

Other subsidiary assumptions, when they hold, explain particular trade patterns and the size of trade's benefits. But the proposition that trade between America and, say, India is beneficial for the people of both countries rests on assumptions no more remarkable, tentative, or fragile than does the proposition that trade between Arizona and Indiana is beneficial for the people of both states.

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2 July 2012

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

Dear Editor:

Steven Pearlstein writes that the economic theory in support of free trade "is based on a number of assumptions, one of which is that trade is reasonably balanced – that once we started importing more goods and services from the rest of the world, the rest of the world will use that extra income to buy equal amounts of goods and services from us" ("Outsourcing: What's the true impact? Counting jobs is only part of the answer." July 2).

Not so.

Suppose an Italian earns a total of $2,000 selling shoes to Americans. He then uses that $2,000 to buy, not goods and services from America, but shares of stock on the New York Stock Exchange. This transaction results in us Americans selling fewer goods and services to that foreigner than he sells to us - a perfectly normal possibility. Because economists have long understood that people can invest abroad (rather than just import from abroad), absolutely nothing in economic theory predicts that a country's exports will be equal in value to that country's imports. And moreover, nothing in economic theory suggests that the economic well-being of a country depends upon any such 'equality' of exports with imports.