



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.

22 January 2012

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

Dear Editor:

Reporting on Apple's alleged failure to create adequate numbers of jobs in America, you quote Betsey Stevenson, until recently former chief economist at the Labor Department, lamenting that "Companies once felt an obligation to support American workers, even when it wasn't the best financial choice. That's disappeared. Profits and efficiency have trumped generosity" ("How U.S.

Lost Out on iPhone Work," Jan. 22).

Forget Dr. Stevenson's dubious history. I'm curious to know if your reporters, in response, asked her the following sorts of questions: "Is your home, Dr. Stevenson, without an automatic washer and dryer so that you can better exercise your generosity by hiring washerwomen to launder your family's clothes by hand? When you cut your finger or get a stuffy nose, do you treat these ailments with inexpensive over-the-counter medications, or do instead spend the extra money required to visit your physician in order to generously increase the demand for health-care

workers? And when a light bulb in your home burns out, do you avoid the 'best financial choice' of changing it yourself, or do you generously hire a handyman to change it for you?"

Unless Dr. Stevenson can answer honestly that she consistently spends her own money for no reason other than to 'create jobs' for strangers, she has no business complaining that other people behave exactly as she does.

22 January 2012

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

Dear Editor:

Your report on Apple's allegedly inadequate job creation in America is titled "How U.S. Lost Out on iPhone Work" (Jan. 22). Although your reporters missed it, the answer to his question is a happy one: Americans remain exceptionally prosperous.

According to The Economist, labor costs are merely 7 percent of an iPad's retail value. [<http://www.economist.com/node/21543174?frsc=dg%7Ca>] This reality suggests that, in addition to the fact that the bulk of each Apple product is made by machine, most of the labor that IS used to bring the likes of iPads and iPhones to market is of the low-skilled and low-paid sort that is abundant in developing countries. Should Americans lament the loss here of such low-paid jobs?

No. As your reporters admit, Apple uses lots of overseas workers precisely because those workers are willing to work in worst conditions and for lower pay than are American workers – strong evidence that the options open to even low-skilled Americans are far superior to those of

most workers in developing countries. Our prosperity enables even the poorest of us to avoid such toil.

Of course, some people (apparently such as, according to your report, Pres. Obama) wonder why Apple doesn't simply hire American workers at American wages to do more of those jobs. Alas, the unavoidable result of THAT policy would be a substantial rise in the price of Apple products and a fall - likely total - in the number of such products produced and sold.

Put differently, your report, like Mr. Obama, insinuates that low-wage jobs overseas (and jobs currently performed by machines) would, if transferred to America, somehow become the same – but higher paying – jobs for workers here. This insinuation is wrong. If Apple followed Mr. Obama's suggestion, there would soon exist no Apple and, hence, no "iPhone work" that the U.S. could possibly "lose out on."

21 January 2012

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

Dear Editor:

You report that the tariff Uncle Sam imposes on Americans who buy Chinese tires is "meant to whack imports of passenger and light-truck tires and give a boost to manufacturers and job creation in the U.S." ("Get-Tough Policy on Chinese Tires Falls Flat," Jan. 20).

No doubt.

But why settle for such an indirect means of boosting manufacturers and creating jobs in the U.S.? If economics and ethics justify government inflicting burdens on American drivers so that American tire producers have more work, Uncle Sam should go directly to where the rubber meets the road. He should equip unemployed workers with switchblades and send them hither and yon to randomly slash perfectly fine tires. Even without tariffs on Chinese tires, the resulting increase in tire demand would raise demand for U.S. tires both directly (as many people with slashed tires would buy American-made replacements) and indirectly (as the now productively employed members of the U.S. Tire Slashing Corps - the TSC, as future historians

celebrating its job-creating exploits might call it - earn incomes that they would no doubt spend in part on American-made tires).

It's a win-win.

20 January 2012

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

Dear Editor:

You assert that because Mitt Romney pays a top rate of 15 percent on his investment earnings - a rate below the top rate at which ordinary income is taxed - that "the tax code has been tilted in his favor" ("The 1% and That 15%," Jan. 19). Matters, however, are not so simple.

John Stuart Mill (no one's idea of an apologist for the rich) argued that, in a country with income taxation, taxation of capital gains at ANY rate tilts the tax code AGAINST people who earn investment income.

[\[http://www.econlib.org/library/Mill/mlP64.html\]](http://www.econlib.org/library/Mill/mlP64.html)

When Romney earned the income that he invested, and on which he now enjoys returns, he was

taxed on that income at ordinary (higher) income-tax rates. Had he spent that income on fast cars and Alpine vacations, he would not have been further taxed on the satisfactions he enjoyed from such consumption. But in fact he deferred consumption by saving and investing those AFTER-tax dollars. Mill argued that, because the present value today of the larger consumption that a saver expects to enjoy tomorrow equals the value of the smaller consumption that that person could enjoy today were he not to save, taxing capital gains puts an additional burden on savers - a burden not borne by non-savers. In effect, capital-gains taxes cause consumption opportunities deferred into the future to be taxed more heavily than are the same quanta of consumption opportunities seized today.

Mill's argument is intricate, and not above challenge as a guide for tax policy. But it does reveal that taxation of capital gains at rates lower than rates on ordinary income is not, contrary to your conclusion, necessarily evidence of unjust favoritism for 'the rich.'

19 January 2012

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

Dear Editor:

Daniel Hannan's review of Jo Guldi's "Roads to Power" is superb ("The Lessons of the Turnpike," Jan. 19).

I was struck particularly by his criticism of Ms. Guldi's credulous enthusiasm for government infrastructure projects. That criticism parallels the criticism issued by the great historian of economic thought Mark Blaug of 17th- and 18th-century mercantilist authors who were afflicted by the very same credulity: "As for the mercantilist approval of public works, that was frequently based on nothing more than the typical belief in the magical efficacy of state action, simply because it is action undertaken in the public interest." [Mark Blaug, *Economic Theory in Retrospect*, 5th ed. (Cambridge University Press, 1996), p. 16]

Plus ça change, plus c'est la même chose.

18 January 2012

Editor, Huffington Post

Dear Editor:

Attacking libertarianism, Jeffrey Sachs writes that "Libertarians hold that individual liberty should never be sacrificed in the pursuit of other values or causes. Compassion, justice, civic responsibility, honesty, decency, humility, respect, and even survival of the poor, weak, and vulnerable – all are to take a back seat" ("Libertarian Illusions," Jan. 16, http://www.huffingtonpost.com/jeffrey-sachs/libertarian-illusions_b_1207878.html).

As non-sequiturs go, this one's a doozy. Mr. Sachs here performs the equivalent of, say, accusing someone who advocates sobriety of thereby being indifferent to other values such as parental responsibility, financial prudence, and neighborliness. But just as being sober in no way precludes – and likely promotes – other values such as parental responsibility, being a libertarian in no way precludes any of the values and causes that Mr. Sachs lists. Indeed, libertarians argue that these other values and causes are best PROMOTED by individual

liberty, and that too many people who insist that achieving these other values requires the suppression of liberty are simply seeking cover for their own self-aggrandizement.

Of course, libertarians might be mistaken about liberty's merits. But that Mr. Sachs ASSUMES that libertarians hold cheap such values as compassion, civic responsibility, and honesty proves that what Lord Acton wrote about Robert Kemp Philp's description of history applies perfectly to Mr. Sachs's description of libertarianism: "It were well if he knew his subject as well as he knows his own mind about it." [Lord Acton, "Review of Philp's History of Progress in Great Britain" (1858), reprinted in Lord Acton, *Essays in the Study and Writing of History*, J. Rufus Fears, ed. (Indianapolis: Liberty Fund, 1986), pp. 31-33; the quotation in the letter appears on page 31]

17 January 2012

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

Dear Editor:

Bruce Bartlett insightfully reflects on Pres. Obama's plan to merge six agencies into one while elevating the Small Business Administration into a Cabinet-level bureau ("The Pros and Cons of Obama's Reorganization Plan," Jan. 17).

The notion that the economy will benefit by giving a special voice in policy-making to any subset of business people - be they "small," "big," "exporters," "strategic," "green," whatever - is naïve. And it's naïvete that fuels cronyism.

As the merchant and pamphleteer Sir Dudley North warned in 1691, "For whenever Men consult for the Publick Good, as for the advancement of Trade, wherein all are concerned, they usually esteem the immediate Interest of their own to be the common Measure of Good and Evil. And there are many, who to gain a little in their own Trades, care not how much others suffer; and each Man strives, that all others may be forc'd, in their dealings, to act subserviently for his Profit, but under the covert of the Publick." [Sir Dudley North, *Discourses upon Trade* (1691); the quotation is from page 106 of the

version reprinted in
Commerce, Culture, and
Liberty: Readings on
Capitalism Before Adam
Smith, Henry C. Clark, ed.
(Indianapolis: Liberty Fund,
2003)]

16 January 2012

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

Dear Editor:

On the same day that Paul
Krugman agonizes over
data that show high
American income
inequality ("How Fares the
Dream?" Jan. 16), Bill
Knapp offers in the
Washington Post a data-
rich argument that
questions this basis for this
agony ("Middle class is
moving forward, not
backward",
http://www.washingtonpost.com/opinions/middle-class-is-moving-forward-not-backward/2012/01/13/gIQAJmhn1P_story.html). Data
on this matter clearly are
unclear.

So ignore questions of
'what the data say' and
grant, arguendo, Mr.
Krugman's case that
income inequality in
America is excessive. Ask
instead: why focus on
inequality of monetary

incomes? What of other
inequalities, such as the
inequality of influence in
public-policy debates? Mr.
Krugman is certainly a one-
percenter on this front.
(Indeed, he's a 0.001-
percenter!)

Shouldn't government
'redistribute' parts of Mr.
Krugman's New York
Times column to me and
other pundits who
(according to the theory)
can't help but seethe with
soul-shriveling envy at Mr.
Krugman's good fortune -
good fortune that (also
according to the theory)
has less to do with Mr.
Krugman's merits as a
columnist and more to do
either with chance or with
his pernicious and unfair
influence with the Powers-
that-Be?

Surely every 'Progressive'
believes that those of us
who now possess far less
access than does Mr.
Krugman to the opinion
pages of the Times
deserve to enjoy more of
the access that he
currently "controls." And
no 'Progressive' would let
mere bourgeois
obsessions with property
rights block the state from
forcibly redistributing
private property in the
name of "social justice."