

2012 ISSUE

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BUSINESS QUEST

1996 - 2012

## Comment on the Commentary of the Day

by

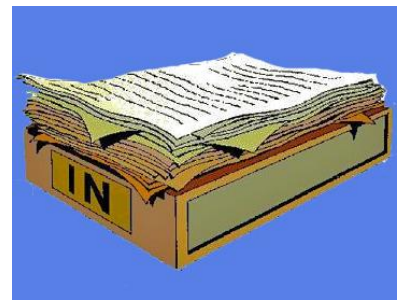
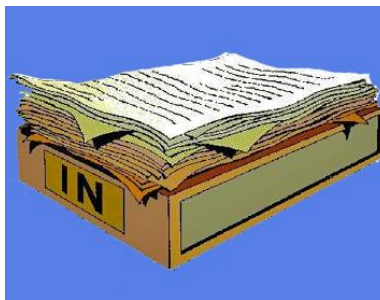
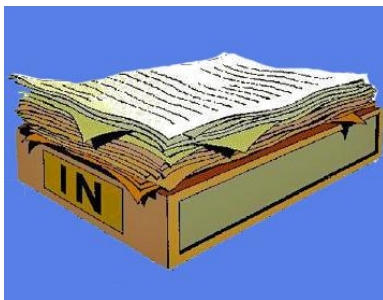
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**Disclaimer:** The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet, and if they are, they may require registration or subscription to access. Some of the articles being commented on are syndicated, therefore, they may also have appeared in other publications.

18 October 2012

Mr. Paul Solman, Economic Correspondent  
PBS NewsHour  
Washington, DC

Dear Mr. Solman:

Donald Bartlett and James Steele assert, in your interview of them, that free trade is causing America's middle-class to disappear ("What Happened to a Dream 'Betrayed'? Authors Blame Trade for Middle Class Demise," Oct. 16).

Overlook the flawed 'economics' that leads Messrs. Bartlett and Steele to mistakenly conclude that trade with low-wage countries impoverishes higher-wage countries. Focus instead on their assertion that America's middle-class is in "demise." Recent data from the Census Bureau show that assertion to be flat wrong. Reckoned in 2009 dollars (that is, adjusted for inflation) the percent of households in America that are poor or lower-middle-income has SHRUNK since 1975 while the percentage that are upper-middle-income and wealthy has risen.

In 1975, the percent of U.S. households that earned annual incomes of less than \$75,000 was 80.6; today (or 2009, the latest year for which data are available) the percent of households that earn less than \$75,000 annually is 68.4. Put differently, nearly one-third of all households in America today have annual incomes of \$75,000 or more, while in 1975 only one-fifth of U.S. households were so well off income-wise. Drilling further down into the data reveals that for each of the Census Bureau's five income categories below \$75,000, the percentages of households earning these relatively modest incomes have fallen, while for each of the two higher-income categories - \$75,000 to \$99,999 and \$100,000 or more – the percentages of households earning incomes in each of these categories have risen.\*

And 1975 is no outlier among past years. Compare today's figures to almost any other year in the past and you'll find the same happy trend.

These data are powerful evidence that, to the extent that trade affects America's poor and middle-class, it's making them richer.

Sincerely,  
Donald J. Boudreaux

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17 October 2012

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

Dear Editor:

Yesterday's presidential debate further exposed Messrs. Obama's and Romney's economic illiteracy ("China a Punching Bag in U.S. Presidential Debate," Oct. 17). Each man insists that America's economy can be harmed by inexpensive imports - in other words, harmed by opportunities for voluntary exchanges that lower Americans' cost of living.

By promising to raise taxes on Americans who buy Chinese-made goods, Mr. Romney again promised to break his campaign promise to not raise taxes. That he is unaware of the contradiction isn't promising.

Mr. Obama is no better. He bragged that he "saved a thousand jobs" with his "tough" trade action that - by raising taxes on Americans who buy Chinese-made tires - ensured "that China was not flooding our domestic market with cheap tires."

By this logic, the President's policy is inexcusably lame. If creating more jobs in U.S. tire factories justifies forcing consumers to pay higher prices for tires, the Obama administration should also outlaw the sale of used tires (which, like low-priced imports, are "flooding our domestic market"). Indeed, the president should seek legislation mandating that all rubber used to make tires be non-vulcanized. The resulting decline in tire durability will create even MORE jobs in U.S. tire factories by "protecting" our market from being "flooded" with cheap tire durability - that is, with tires that last for tens of thousands of miles before needing to be replaced.

Given their economic pronouncements, Mr. Obama and Mr. Romney should agree that such policies would be positively wonderful for the economy.

Sincerely,  
Donald J. Boudreaux

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14 October 2012

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

Dear Editor:

Arguing for Obamacare, Nicholas Kristof asserts that it is "morally repugnant" for government not to guarantee everyone health insurance ("A Possibly Fatal Mistake," Oct. 14).

Amazingly, Mr. Kristof rests his argument on the experience of his college friend, Scott Androes, who voluntarily put himself into a position that made health insurance quite costly and who was later diagnosed with cancer. Here's Mr. Androes: "It all started in December 2003 when I quit my job as a pension consultant in a fit of midlife crisis. For the next year I did little besides read books I'd always wanted to read and play poker in the local card rooms. I didn't buy health insurance because I knew it would be really expensive in the individual policy market.... I knew I was taking a big risk without insurance, but I was foolish."

I pity Mr. Androes for learning in such a harsh way that choices have consequences. But contrary to Mr. Kristof's assertion, taxpayers are not morally obliged to subsidize irresponsible choices of the sort made by Mr. Androes. Quite the opposite. As NYU's Jonathan Haidt writes, "Morality is, in large part, a solution to the free rider problem."<sup>\*</sup> So what is genuinely morally repugnant is a policy, such as Obamacare, that - by further collectivizing the costs of health-care choices - undermines personal responsibility and, thereby, encourages free-riding.

Sincerely,  
Donald J. Boudreaux

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11 October 2012

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

Dear Editor:

E.J. Dionne encourages Pres. Obama to follow the lead of Sen. Sherrod Brown (D-OH) ("Sherrod Brown's lessons for Obama," Oct. 11). Mr. Dionne admires Sen. Brown's "uncompromising advocacy on behalf of workers."

This admiration is misplaced. Sen. Brown's fanatical hostility to trade - what Mr. Dionne calls his "toughness on trade" - emphatically HARMS most workers. It does so by raising workers' costs of living (the whole point of tariffs is to raise prices); by destroying jobs that are supported by free trade (foreigners sell TO us only because they want to buy FROM us, or to invest in our economy); and by stifling economic growth (protecting today's jobs from competition necessarily obstructs the economy's capacity to create tomorrow's jobs - hardly "progressive"!).

But because the dispersed many who are harmed by protectionism are far less visible than are the concentrated few who benefit, Sen. Brown easily dupes a columnist who judges each policy only by its surface effects into regarding the senator as heroic - into admiring as "toughness" what in fact is simply Sen. Brown's abhorrent bullying of consumers into spending their money as HE, Sherrod Brown, selfishly and arrogantly demands that it be spent.

Sincerely,  
Donald J. Boudreaux

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11 October 2012

Editor, Winston-Salem Journal

Dear Editor:

Under Secretary of Commerce for International Trade Francisco Sanchez brags that the Obama administration's closing of a "loophole" in the Central American Free Trade Agreement will save American jobs ("U.S. trade official says new law will save textile jobs in the state," Oct. 10). Closing this "loophole" effectively obliges garment makers in Central America and the Dominican Republic to use American-made thread - rather than less-costly thread from Asian producers - when producing the likes of jeans and t-shirts for sale in the U.S.

This administration policy will win votes for the President from some textile workers in the Carolinas. And Mr. Sanchez and his boss can now bask self-righteously in their imagined humanity.

But will Mr. Sanchez pose for pictures with poor families whose living standards fall because clothing is now made more costly? Will the administration stage press events to highlight the jobs LOST because American consumers, obliged to spend more on clothing, will have less to spend on restaurant meals, evenings at the movies, and other goods and services? Will the President post photos on his website of Americans whose jobs are destroyed because foreigners will now have fewer dollars to spend and invest in the U.S.? Will Mr. Obama boast that his re-election strategy includes a policy that, by dulling the creative forces of competition, diminishes America's economic dynamism and, hence, reduces its economic growth?

Sincerely,  
Donald J. Boudreaux

UNIVERSITY *of*   
West Georgia