

2012 ISSUE

B>Quest
BUSINESS QUEST

1996 - 2012

Comment on the Commentary of the Day

by

Donald J. Boudreaux

Chairman, Department of Economics

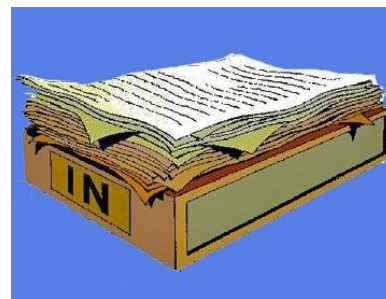
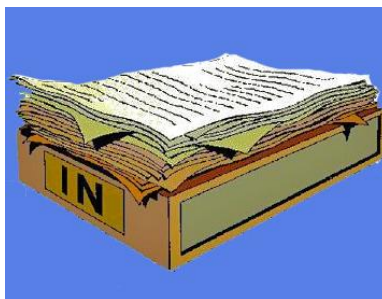
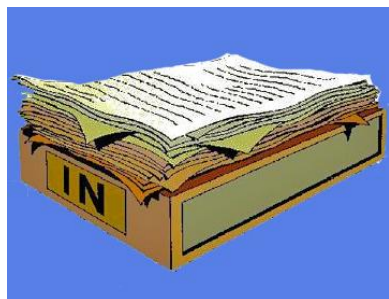
Martha and Nelson Getchell Chair for Free Market Capitalism

Mercatus Center

George Mason University

dboudrea@gmu.edu

<http://www.cafehayek.com>



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.

27 November 2012

Rep. Tom Rooney (R-FL)

Dear Mr. Rooney:

Proclaiming in the Daily Caller that you oppose "subsidies or government intervention in markets" immediately before you launch into pleas for government intervention into markets (in your case for sugar) does not succeed in saving you from the charge of hypocrisy ("The conservative case for sugar tariffs," Nov. 26).

Even less successful on this score is the first excuse you offer for Uncle Sam's continuing refusal to allow us Americans to import as much sugar we wish - namely, "it's the best line of defense we have against an OPEC-like market."

Nonsense.

The world price of sugar today - the price charged by the alleged cartel from whom you wish to protect us - is, as it has been for some time, about HALF of the price of sugar in the U.S.* This fact reveals that the sugar producers with genuine OPEC-like monopoly power are not the ones that Uncle Sam must forcibly prevent us from patronizing (foreign growers), but, rather, American growers whose gluttonous special privileges are created by the very program that you seek to justify with your Orwellian sophistry.

Sincerely,
Donald J. Boudreaux

30 November 2012

Mr. Eric Schneiderman
Attorney General, State of New York
Albany, NY

Dear Mr. Schneiderman:

Ignoring my requests to be removed from your e-mail list, your office continues to send to me daily updates of your Attorney Generaling exploits, most of which are

economically misguided attacks on voluntary and beneficial market activities. Today's update is no exception.

In that update you brag of launching "12 more enforcement actions against gas retailers in post-Sandy price gouging investigation." But despite your accusation that these retailers were "ripping off New Yorkers," the higher prices merely reflected the reality that gasoline was made much more scarce by a hurricane. By severely disrupting supply chains, Sandy - not price-hiking retailers - made gasoline more costly to acquire.

If you insist, however, on prosecuting people for responding sensibly to market realities, why prosecute only price-hiking retailers? You should prosecute also every motorist who waits in queues to buy gasoline.

When government prevents prices at the pump from rising, the method for allocating the few supplies among the many demanders is first-come, first-served. Two inevitable results are long queues and the failure of many motorists to find gasoline to buy. Each motorist who waits in line, therefore, raises the cost of gasoline to other motorists - both by increasing the amount of time that each motorist must spend waiting in line for a chance to buy gasoline, and by decreasing the chances that each motorist will actually find gasoline to buy.

So the logic that leads you to prosecute retailers for "unscrupulously" raising prices ought lead you also to prosecute motorists for "unscrupulously" queuing up. Indeed, because queuing (unlike higher prices) creates no incentives for suppliers to bring more gasoline to market, queuing motorists, as you might describe them, rip each other off even worse than do price-hiking retailers.

Sincerely,
Donald J. Boudreaux

4 December 2012

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

Dear Editor:

Robert Samuelson shines when describing how politicians endanger the economy by cravenly catering to constituents who insist on spending each other's - that is, on spending other people's - money ("Who's not bargaining in good faith?" Dec. 3). This corrosive irresponsibility is the result less of sinister motives than of the fact that, when presented with the opportunity to spend the money of faceless others, too many people find it easy to rationalize the resulting plunder.

It's very much like the situation described by William Dean Howells in his great 1885 novel, *The Rise of Silas Lapham*, when an Englishman, having offered Lapham a shady business deal, tries to calm Lapham's concerns by assuring him that a loss is highly unlikely but that, should it occur, the loss would "fall upon people who are able to bear it":

"There was nothing in the Englishman's sophistry very shocking to Lapham. It addressed itself in him to that easy-going, not evilly intentioned, potential immorality which regards common property as common prey, and gives us the most corrupt municipal governments under the sun - which makes the poorest voter, when he has tricked into place, as unscrupulous in regard to others' money as an hereditary prince."*

Sincerely,
Donald J. Boudreaux

5 December 2012

Editor, *The New Yorker*

Dear Editor:

Reviewing books on the massive starvation in China caused by Chairman Mao, Panjak Mishra asserts that Ireland's Great Potato Famine was caused by "Britain's heartlessly enforced ideology of laissez-faire" ("*The Hungry Years*," Dec. 10).

Mishra's assertion is potted history at its worst. As historian Stephen Davies explains, Ireland's Great Potato Famine was indeed caused by British heartlessness - but the heartless policies at the root of the famine were quite the opposite of laissez faire.*

After defeating James II in 1690, victorious protestants subjected Catholics - Ireland's majority population - to cruel restrictions on land ownership and leasing. These policies led most of Ireland's people to farm plots that were inefficiently small and on which the Irish had no incentives to make long-term improvements. As a result, agricultural productivity in Ireland stagnated, and the high-yield, highly nutritious, labor-intensive potato became the dominant crop. In combination with other discriminatory measures that obstructed Catholics from participating in modern commerce - measures that kept far too large a portion of Ireland's population practicing subsistence agriculture into the mid-19th century - this over-dependence on the potato spelled doom when in 1845 that crop became infected with the fungus *Phytophthora infestans*.

Then to worsen matters, Britain's high-tariff "corn laws" discouraged the importation of grains that would have lessened the starvation. Indeed, one of Britain's most famous moves TOWARD laissez faire - the 1846 repeal of the corn laws - was partly a response to the tragedy in Ireland.

Although the magnitude of Ireland's starvation in 19th century falls short of that of China's in the 20th, the policies that begot the former were no more laissez faire than were the policies that begot the latter.

Sincerely,
Donald J. Boudreaux

