



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.

26 February 2012

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

Dear Editor:

Several University of Virginia students are staging a hunger strike to protest the low wages earned by janitors at UVA ("Virginia football player Joseph Williams on hunger strike," Feb. 24).

Concern for others is admirable. But this particular display of concern is not. One group of people (the 'striking' students) is demanding that a second group of people (legislators in the

State of Virginia, to which UVA belongs) take money from a third group of people (Virginia taxpayers) that is then to be given to a fourth group of people (some UVA employees).

For Williams to demand that Jones take from Smith and then give the proceeds to Miller is hardly for Williams to make a significant sacrifice for Miller. A more direct way of assisting UVA's janitors would be for each of these striking students to pledge his or her own money to the janitors.

Earning a four-year college degree increases, on average, a person's income by about by about

\$25,000 annually. So let each of the striking students issue a promissory note committing that student to pay every year for 40 years to a selected janitor \$12,500, which is half of the extra annual income that that student will earn as a result of graduating from UVA. (It cannot be objected that if the number of students willing to give in this way is fewer than the number of janitors then singling out individual janitors to receive such payments unfairly excludes other janitors from receiving such benefits. The students' own proposal suffers from the same problem of arbitrary exclusion, for under it only

a handful of low-wage workers in Charlottesville will benefit from any handouts that UVA might be pressured into giving to its janitors.)

Not only would students' issuance of such promissory notes raise the annual incomes of some of UVA's lowest-paid workers by nearly 60 percent, it would supply real evidence that these students care more about actually helping the janitors rather than about basking in the juvenile applause they're receiving from their hunger-strike theatrics.

24 February 2012

Mr. Bill O'Reilly
The O'Reilly Factor
Fox News
New York, NY

Dear Mr. O'Reilly:

You're all lathered up because U.S. oil companies are exporting much of their refined gasoline and heating oil to other countries and thereby putting upward pressure on fuel prices here in America. You conclude that these companies have a moral obligation not to export so much.

Your economics is wrong and your ethics convenient.

First some economics. Selling in the global market encourages firms to build larger factories and refineries that, in turn, enable outputs to be produced at lower costs per unit. So while in the short-run rising exports of oil products can cause fuel prices here to spike, the long-run effect might well be lower prices because of larger, more-efficient scales of operation. Also, more exports of fuel products means more imports of other goods and services. The result is lower prices in America for consumer goods such as clothing and furniture, as well as lower prices of inputs such as steel and industrial machinery used by American factories.

I was amused, by the way, that in your recent discussion with Lou Dobbs, Mr. Dobbs shared your anger at rising U.S. oil exports. This is the same Mr. Dobbs who repeatedly complains that the problem with America's involvement in the global economy is that foreigners stubbornly refuse to buy sufficient amounts of American exports. Go figure.

Now about your ethics. You're paid so handsomely because there's a large

nation-wide demand for your commentary and bombast. In your career you've worked for broadcasters in Boston, Dallas, Denver, Hartford, and elsewhere. And before moving to Fox you were a correspondent for ABC News. You apparently never hesitated to sell YOUR product to the highest bidder; you never hesitated to export yourself from one market to another in search of higher pay; you never resisted the bidding for your services by buyers (i.e., employers) far and wide which put upward pressure on the amounts of money that YOU are paid, both to appear on television and to deliver lunch and dinnertime speeches. So I ask: are YOU guilty of an offense against those many Americans who - as a result of your responding to market signals regarding the value of your services - must now pay higher prices for the privilege of hearing your commentary? Should you return to your long-ago job at a local Scranton, PA, television station, at your long-ago lower salary, and apologize to the good people of Lackawanna County for your greedy and evil habit of exporting yourself to wherever and whoever offers to pay you more money?

23 February 2012

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

Dear Editor:

Dow Chemical CEO Andrew Liveris's plea for government to more actively promote manufacturing in the U.S. is a mish-mash of self-serving confusions, half-truths, and falsehoods (Letters, Feb. 23). Consider his complaint about your recent article on manufacturing in America: "you rightly champion the gains in industrial productivity achieved in the last 30 years, but you gloss over the impact this productivity has had on employment. These lost jobs are significant. Of the eight million jobs lost in the recession, two million were in manufacturing, which are higher-paying and intrinsically supportive of more employment in other sectors."

Overlooking the question of whether or not Mr. Liveris complains about the fall in agricultural employment caused by Dow's own fertilizers and pesticides which raise productivity on farms, Mr. Liveris's claim

about manufacturing pay is simply wrong. (His claim about manufacturing jobs being "intrinsically supportive of more employment in other sectors" is too devoid of meaning to make any sense.)

In 2011, median weekly earnings of full-time production workers in America were \$605 - lower than were median weekly earnings of, for example, management, business, and financial workers (\$1,160); professionals other than business people and financial workers (\$1,029); sales people (\$670); office and administrative support staffers (\$623); and transportation workers (\$614). [See Table 8 at this Bureau of Labor Statistics site: <http://www.bls.gov/news.release/pdf/wkyeng.pdf>]

Let's hope that Mr. Liveris's knowledge of the chemicals business is better than his knowledge of the economy.

22 February 2012

Friends,

My GMU colleague (and co-blogger) Russ Roberts recently gave a splendid talk, at SMU's O'Neil

Center, on what is surely the most profound and important - yet most missed and misunderstood - lesson that economics teaches (or SHOULD teach): social order is the result of human action but not of human design:

<http://cafehayek.com/2012/02/the-deepest-thing-we-know.html>

Enjoy.

20 February 2012

Editor, Seattle Times

Dear Editor:

You report that "Obama has instructed the federal Export-Import Bank to offer matching financing to United to buy Boeing's 737s" ("Obama sets up sweet bank deals to aid Boeing, other manufacturers," Feb. 18). So, American taxpayers will be forced to help pay for one corporation's (United Airlines's) operating equipment in order to protect another corporation (Boeing) from foreign competition.

This move is consistent with Mr. Obama's obsession with increasing America's exports. Like misguided mercantilists throughout history, Mr. Obama believes that a

people benefit from trade not by receiving actual goods and services (such as airliners) from foreigners but, rather, by receiving money (what mercantilists called "treasure").

But policies that encourage exports and the accumulation of foreign exchange for the sake of exporting and accumulating foreign exchange pave the road to poverty. Here's the great economic historian Joel Mokyr explaining the illogic of 18th-century mercantilist notions which slowed growth in Europe, especially on the continent: "Trade created wealth in many ways, not all of which were fully understood by contemporaries, and quite a few still bought into the mercantilist belief that trade was necessary above all because [quoting now an 18-century mercantilist] 'we have no other means to get Treasure but by foreign trade.... [I]t is done by making our Commodities which are exported, to over-balance in Value the foreign Wares which we consume.'" [Joel Mokyr, *The Enlightened Economy: An Economic History of Britain 1700-1850* (New Haven: Yale University Press, 2009), p. 19]

Sadly, the only difference separating Mr. Obama from the long-dead mistaken mercantilist quoted by Mokyr lies in how they spell and capitalize words.

20 February 2012

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

Dear Editor:

Describing "austerity policies" as "the insistence that governments should slash spending even in the face of high unemployment" in the hope that such spending cuts will restore business confidence, Paul Krugman remarks: "If this sounds to you like something Herbert Hoover might have said, you're right: It does and he did" ("*Pain Without Gain*," Feb. 20).

Easily accessed evidence prove Mr. Krugman wrong.

Here, for example, is economist Steven Horwitz: "the real size of government spending in 1933 was almost double that of 1929. The budget deficits of 1931 and 1932 represented 52.5 percent and 43.3 percent of total federal expenditures. No

year between 1933 and 1941 under Roosevelt had a deficit that large." Also contrary to Mr. Krugman's claim, Hoover proudly trumpeted his administration's high-spending and interventionist policies. On the campaign trail in 1932 Hoover bragged that "We might have done nothing. That would have been utter ruin. Instead, we met the situation with proposals to private business and the Congress of the most gigantic program of economic defense and counterattack ever evolved in the history of the Republic." [Steven Horwitz, "Herbert Hoover: Father of the New Deal," *Cato Institute Briefing Paper*, Sept. 29, 2011. The first quotation is on page 4; the second is on page 8: http://www.cato.org/pub_display.php?pub_id=13719]

Mr. Krugman's unfamiliarity with history is disturbing.