2013 B>Quest BUSINESS QUEST 1996 - 2013

# Comment on the Commentary of the Day

by

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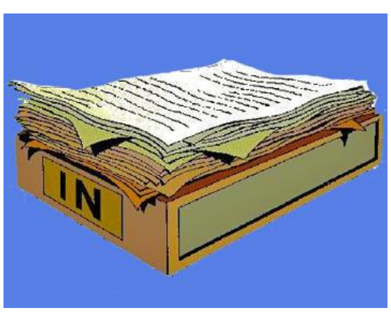


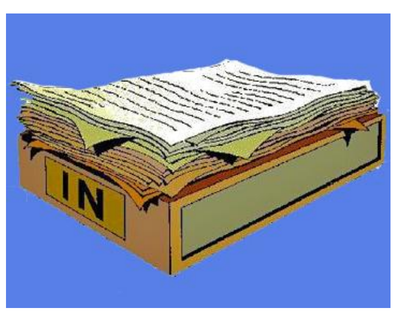


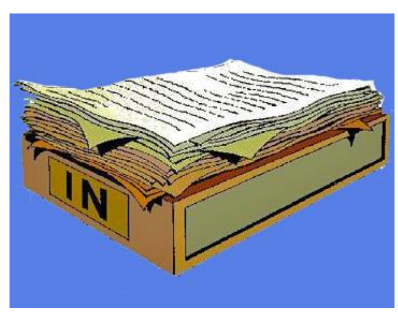

**Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet, and if they are, they may require registration or subscription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

31 May 2013

Ms. Terry Coleman

Dear Mr. Coleman:

You ask how I can "sit idle" while the Chinese buy Virginia-based Smithfield ham. "American capital," you insist, "goes to China, lowering our capital [stock]." You challenge me to defend "this scary trend."

Meeting your challenge is easy. There's much to say, but I limit myself to two points.

First, the stock of capital isn't fixed. Consider that the American sellers of Smithfield might well use the proceeds of the sale to launch or to expand other businesses. It's simply untrue that sales of this sort "necessarily cut our ownership stake in our own economy."

Second, if Uncle Sam erects obstacles to foreign purchases of U.S.-based companies, the expected return to starting and developing businesses in the U.S. falls. The reason is that such government intervention lops off a large chunk of potential future buyers for such companies. Mr. Smith starts his company today hoping, no doubt, to own and operate it for a while. But he knows that if his circumstances change - say, he gets ill, old, or disinterested - he might want to sell his firm. By obstructing foreigners from entering the market of potential future buyers of U.S.-based firms, government would reduce the expected future sales price of Mr. Smith's company - an effect that, through capital-market operations, would reduce the value of that company even today.

Government restrictions on foreign purchases of American companies would make it more difficult for Mr. Smith and other American entrepreneurs - including those who are never destined to sell their companies to foreigners - to start firms today. It is, therefore, intervention of the sort that you favor - and not the foreign purchases that so worry you - that would permanently shrink the size of America's (and Americans') capital stock.

Sincerely,
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and
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1 June 2013

Editor, The Huffington Post

Dear Editor:

You report uncritically the findings of a study of Wal-Mart issued by some members of Congress ("One Walmart's Low Wages Could Cost Taxpayers $900,000 Per Year, House Dems Find," May 31). The authors of this study pretend to find that (as you report) "Walmart wages are so low that many of its workers rely on food stamps and other government aid programs to fulfill their basic needs, a reality that could cost taxpayers as much as $900,000 at just one Walmart Supercenter in Wisconsin."

Ignore the fact that, because the wages Wal-Mart workers earn are higher than they can earn elsewhere, Wal-Mart actually reduces the need for public assistance. Let's instead accept the report's premise that the failure of relatively well-off people, such as Wal-Mart's owners, to employ low-skilled workers at wages arbitrarily high enough to catapult these workers immediately into America's middle-class is an offense worthy of public scorn and Congressional action.

On this premise, the authors of the study are guilty of the same charge they level at Wal-Mart. America is full of people now supported by taxpayers - people who need such support only because many members of Congress greedily refrain from risking their own money to start and run private businesses that pay arbitrarily high wages. Every day, the likes of Rep. George Miller (D-CA) and Sen. Tom Harkin (D-IA) inexcusably impose costs on taxpayers by not giving more of their own private funds to poor Americans.

If it's a public offense for Americans to not spend as much of their own private funds as necessary, or at least as many funds as they have, to raise other Americans out of poverty, then every member of Congress - and every reporter for the Huffington Post, every columnist for the New York Times, every essayist for The Nation, every blogger for the Daily Kos, and every talking head on MSNBC - is as guilty of this offense as is Wal-Mart.

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5 June 2013

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

Dear Editor:

Harold Meyerson dislikes foreign trade, in part because it destroys some American jobs ("Go slower on free trade," June 4). And so Mr. Meyerson favorably quotes one of Congress's staunchest protectionists, Sen. Sherrod Brown (D-OH): "A trade deal, says Brown, 'should both protect workers and small businesses and better prepare them for globalization.'"

Let's make a deal. Government will agree to protect only those American workers and small-business owners who in return agree to stop buying foreign-made products.

For example, American steel workers will get protection from steel imports only if they, in exchange, agree to stop buying the likes of Toyota cars, Samsung televisions, Ryobi hand tools, Ikea furniture, Shell gasoline, Amstel beer, vacations to Cancun, and musical recordings by foreign artists such as the Beatles, Elton John, and k.d. Lang. They must also promise to stop buying the likes of bananas, cinnamon, and vanilla and, indeed, even American-made food items if these are shipped to their favorite restaurants and supermarkets in foreign-made trucks - or in trucks equipped with tires made by Michelin, Bridgestone, or some other job-destroying foreign company. These workers would be permitted to drink only Hawaiian coffee; they must quit drinking the Colombian, Guatemalan, and Ethiopian coffees that they've become accustomed to drink. Oh, and absolutely no diamond jewelry, as those gems come from Africa. (Sorry, ladies.)

Small-business owners likewise will get such protection, but only in return for their agreement not only to stop consuming foreign-made products, but also to never sell their outputs to non-Americans. These businesses must, in addition, promise to use in their operations only American-made inputs - such as aluminum, wood, chemicals, and insurance services - even when foreign-made substitutes are available at lower prices or in higher qualities.

Deal?

Sincerely,
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7 June 2013

Editor, The Baltimore Times

Dear Editor:

National Mining Association CEO Hal Quinn applauds "the premise laid out in [Pres. Obama's] 2010 National Export Initiative: If we sell more products to our trading partners than we buy from them, we will … add value to our economy" ("Supporting Coal Exports Brings Jobs to America," June 7).

Mr. Quinn and Mr. Obama are mistaken.  To see why, suppose that over the course of your life you produce for sale a total of 1,000 units of real goods and services.  Now ask which of the following outcomes you'd value most highly as a result of your selling these 1,000 units: (1) you receive in exchange a total of 500 units of real goods and services for you to consume; (2) you receive in exchange 5,000 units of real goods and services for you to consume; or (3) you receive in exchange 50,000 units of real goods and services for you to consume?  Clearly, (3) is the best of the three outcomes - a fact that proves that the greater the amount of real goods and services that you receive (that is, import) in exchange for what you sell (that is, export), the better off you are.

People grow wealthier the greater - not the lesser - is the number of valuable goods and services they get in exchange for whatever goods and services they produce and sell. This fact is no less true for that collection of people called "Americans" than it is for individuals named Bill, Betty, Hal, or Barack.

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11 June 2013

Sen. Debbie Stabenow (D-MI)

Capitol Hill
Washington, DC

Dear Sen. Stabenow:

On NPR this morning you expressed support for taxpayer-subsidized "crop insurance," which, as NPR reports, "insures not just against yield loss from storms or drought but also from revenue loss, if commodity prices drop" ("How The Senate Farm Bill Would Change Subsidies"). This program, you assert, "is insurance - and the farmer gets a bill, not a check."

But as NPR reporter Tamara Keith notes, "That bill that farmers get covers about a third of the actual cost" - a subsidy that you justify by saying that "It's got to be a bill that they [farmer's] can afford to be able to provide the coverage.... And then there is no payout unless you have a loss."

I applaud your reasoning and ethics! I hereby demand government-subsidized "lecture insurance."

A substantial portion of my annual earnings comes from giving lectures. Unfortunately, due to factors beyond my control, some years I get ill and produce fewer lectures than I otherwise would produce or the demand for my lectures falls, obliging me to lower my fees. I want to be insured against the resulting income loss. Like America's farmers, however, I refuse to pay full price for this insurance. Like farmers, I demand that you oblige taxpayers to subsidize two-thirds of the cost of my lecture insurance. I, too, want to free ride on others.

Education and knowledge - no less than food - are essential for America's prosperity, international competitiveness, and national defense. Subsidized lecture insurance will be a prudent program - one that will surely repay itself many times over - for protecting us educators and knowledge producers from intolerable swings in our annual incomes and, hence, for ensuring that we don't abandon our knowledge-production trade and leave America at the mercy of unreliable foreign educators and lecturers.

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