



Comment on the Commentary of the Day

by

Donald J. Boudreaux

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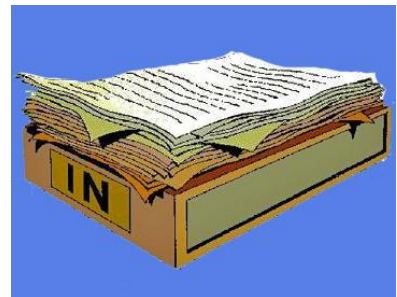
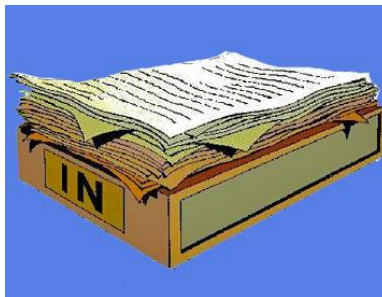
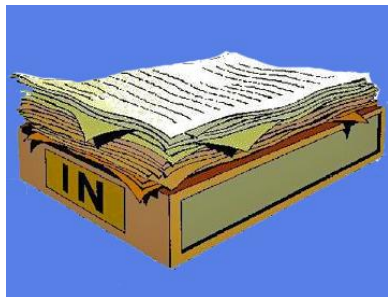
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Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet, 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.

25 June 2013

Mr. Michael Stumo, CEO
Coalition for a Prosperous America

Dear Mr. Stumo:

In your June 21st TradeReform.org blog-post ("House letter on Currency") you applaud the 230 members of the U.S. House of Representatives who "sent a bipartisan letter to President Obama urging him to address currency manipulation as negotiations over the Trans-Pacific Partnership (TPP) continue." These members of Congress, like yourself, want Pres. Obama to demand that the Chinese government stop transferring wealth from the pockets of the Chinese people into the pockets of American consumers who, as a result of the purported currency manipulation, pay artificially low prices for a slew of consumer goods.

Put differently, the signatories of the letter worry that a stream of resources allegedly transferred through (mercantilist-) state policies by the Chinese government to foreigners (namely, to Americans) strengthens the Chinese economy as it impoverishes us Americans who gobble up the subsidized goodies. Yet many of those very same signatories - when turning their attention to immigration - worry that a stream of resources allegedly transferred through (welfare-) state policies by the U.S. government to foreigners (namely, to immigrants) WEAKENS the American economy as it ENRICHES the immigrants who gobble up the subsidized goodies.

If I were you, I'd think thrice before applauding letters and other pieces of pontification issuing from officials so logically inconsistent.

Sincerely,
Donald J. Boudreaux
Professor of Economics
and
Martha and Nelson Getchell Chair for the Study of Free Market Capitalism at the
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George Mason University
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26 June 2013

Mr. Bryan Riley

Heritage Foundation
Washington, DC

Dear Bryan:

You suggest that the House Foreign Affairs Subcommittee on Terrorism, Nonproliferation and Trade summarize its stance on trade-promotion with the simple 27-word declaration "The federal government should eliminate all U.S. trade barriers so people in other countries can earn more dollars to spend on U.S. exports of goods and services."

I like it! But with respect, I have what I think is an even better 27-word formulation: "The federal government should eliminate all U.S. trade barriers so that Americans can get more for the dollars they spend on U.S. imports of goods and services."

Politicians always speak as economic illiterates. As such, they routinely reinforce the popular but mistaken notion that trade's successes are measured in more exports while trade's costs are measured in more imports. We economists, in contrast, should instead seize every opportunity to emphasize the reality that, just as a household prospers more the greater are the goods and services it receives (imports) from others in exchange for whatever it sells (exports) to others, a nation prospers more the greater are the goods and services it receives from others in exchange for whatever it sells to others.

Sincerely,
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27 June 2013

Ms. Davis Nguyen

Dear Ms. Nguyen:

Thanks for your kind e-mail. You question the "realism" of my refusal (explained in this recent blog post*) to abandon my opposition to government regulation in order to prevent an influx into America of immigrants who might vote for policies that will destroy the very freedom principles that I hold dear.

I stand by that post. I add here only words of wisdom from an 1822 volume that I'm now re-reading. The volume is *Tyranny Unmasked*, by John Taylor (of Virginia's Caroline County). In the Preface to the first edition, Taylor – a careful student of history – warned that "the folly of letting in some tyranny to avoid more, has in all ages been fatal to liberty."**

I would deeply regret if new immigrants to America were to vote to give yet more power to the diktat-happy, arrogant dirigistes who today swarm in Washington. But I'm far less confident than you are that an acceptable, or even a practical, way to avoid this possible outcome is to continue to entrust those same diktat-happy, arrogant, swarming dirigistes with the power to thwart or to impede your and my and other Americans' freedom to associate peacefully on American soil with non-Americans. And make no mistake: the restrictions you applaud diminish your freedom no less than they diminish the freedom of foreigners. For example, in his efforts to restrict immigration Uncle Sam monitors who you hire, and will actively prevent you from employing workers of your choice if those workers don't meet Uncle Sam's approval.

I urge you to be wary of schemes to protect liberty that have at their core restrictions on liberty.

Sincerely,

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and

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30 June 2013

Editor, Los Angeles Times

Dear Editor:

Michael Hiltzik's "Debate over minimum wage reignites decades-old arguments" (June 29) is flawed by several half truths and leaps of illogic. Here are two examples.

First, no credible minimum-wage skeptic contends that raising that wage "would have a disastrous effect on the economy." That wage (fortunately!) is set so low that it affects only a small fraction of American workers. And those relatively few affected workers, being unskilled, are in many cases easily replaced with machines. Both the smallness of the portion of the workforce affected and the easy mechanization of tasks performed by unskilled workers ensures that minimum-wage legislation isn't disastrous for the economy. Such legislation, however, IS often disastrous for those flesh-and-blood workers who, because of the minimum wage, lose their jobs or are obliged to toil at worse jobs.

Second, Mr. Hiltzik confuses publicly trumpeted motives for actual effects - a confusion revealed by his claim that "in addressing its citizens' economic dignity, the America of the Thirties was smarter and more humane than the America of today." The average annual unemployment rate for the 1930s was, on the most F.D.R.-friendly measure, 14.1 percent. (Other measures put it at 18.2 percent.) That rate was never lower than its 1930 level of 8.7 percent, while on F.D.R.'s watch during the 1930s it never fell below 9.1 percent.*

Anyone who considers these statistics along with the reality that the Fair Labor Standards Act of 1938 was, in fact, an attempt by politically powerful northeastern textile producers to crush competition posed by low-wage - and often black - textile workers in the south can be forgiven for dismissing Mr. Hiltzik's uncritical praise of the New Dealers' intelligence and humanity.

Sincerely,

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