



## Comment on the Commentary of the Day

by

Donald J. Boudreaux

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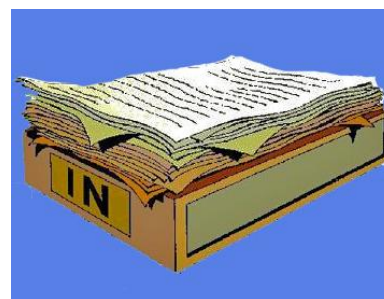
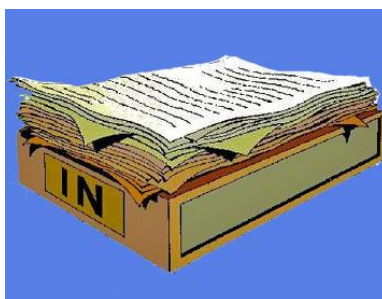
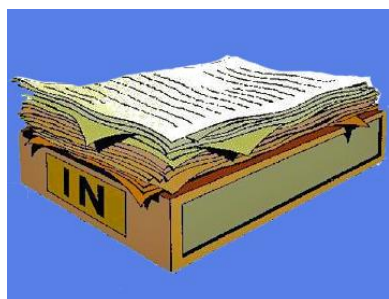
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**Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet,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

2 July 2013

Program Director, WAMU radio  
Washington, DC

Dear Sir or Madam:

This morning, one of your newscasters pitched an upcoming report on an entrepreneur whose business plan is to make medical products "widely accessible to the poor." The newscaster described this entrepreneur's efforts as "capitalism with a twist."

There's no twist. Making goods and services increasingly affordable - turning what yesterday were luxuries available only to the rich into products that today are commonplace in the most modest households - is what entrepreneurs under capitalism have done from the start. Think Josiah Wedgwood. Think John D. Rockefeller. Think Gustavus Swift. Think Richard Sears. Think Henry Ford. Think Sam Walton. Think Bill Gates. Think Michael Dell.

As Joseph Schumpeter observed in 1942, "Electric lighting is no great boon to anyone who has enough money to buy a sufficient number of candles and to pay servants to attend them. It is the cheap cloth, the cheap cotton and rayon fabric, boots, motorcars and so on that are the typical achievements of capitalist production, and not as rule improvements that would mean much to the rich man. Queen Elizabeth owned silk stockings. The capitalist achievement does not typically consist in providing more silk stockings for queens but in bringing them within reach of factory girls in return for steadily decreasing amounts of effort."\*

Sincerely,  
Donald J. Boudreaux  
Professor of Economics  
and  
Martha and Nelson Getchell Chair for the Study of Free Market Capitalism at the  
Mercatus Center  
George Mason University  
Fairfax, VA 22030

\* Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper & Row, 1942), p. 67.

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3 July 2013

Editor, Christian Science Monitor

Dear Editor:

You rightly decry government efforts to mask or misrepresent facts about the economy ("When officials try to ban economic truth," July 2). Such efforts, however, aren't confined to falsifying official statistics and muzzling the financial press. Governments routinely use means far more surreptitious than these to "try to ban economic truth." For example....

Rent-control regulations ban rental rates from reflecting the true value of rental units. Prohibitions on 'price gouging' ban prices from telling the economic truth about the unusually high demands for - and unusually limited supplies of - staple goods immediately following natural disasters. Restrictions on speculation ban investors from moving asset and commodity prices in directions that more accurately reveal the true inter-temporal values of assets and commodities. Minimum-wage statutes force labor markets to lie about the value to employers of many low-skilled workers. And deficit financing of government spending blinds today's citizens to the full costs of government programs.

By all means condemn official lies, but recognize also that the means governments frequently use to hide the truth about economic reality greatly outnumber - and are much more devious than - the blatant and amateurish sorts of truth suppression that you highlight in your editorial.

Sincerely,

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Professor of Economics

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4 July 2013

Editor, The Wall Street Journal

1211 6th Ave.

New York, NY 10036

Dear Editor:

In his July 3 letter on Mary Anastasia O'Grady's superb "Behind Brazil's Civil Unrest" (June 24), Mark Adams notes the difficulty of containing "the populist forces of fairness and change once unleashed for political gain.... [E]conomic success overseen by leftist populists intensifies the hard-left passion for absolute social justice and equality." He's correct.

Especially as we Americans celebrate the events of 1776, it's vital to recall the dangers of majoritarian democracy. Unless very large swathes of private space and property are kept free of the state's clutches by a combination of constitutional rules, bourgeois values, and a mature and deep suspicion of EVERYONE who holds political power, populist feeding frenzies are inevitable.

Sir Henry Sumner Maine's warning from 1885 remains relevant: "Yet nothing is more certain, than that the mental picture which enchains the enthusiasts for benevolent democratic government is altogether false, and that, if the mass of mankind were to make an attempt at redividing the common stock of good things, they would resemble, not a number of claimants insisting on the fair division of a fund, but a mutinous crew, feasting on a ship's provisions, gorging themselves on the meat and intoxicating themselves with the liquors, but refusing to navigate the vessel to port."\*

"Democracy" is not synonymous with "freedom." And being bent to the will of the majority is not the essence of the rule of law.

Sincerely,  
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\* Henry Sumner Maine, *Popular Government* (Indianapolis: Liberty Fund, 1976 [1885]), p. 66.

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6 July 2013

Ms. Leslie Eastman  
College Insurrection

Dear Ms. Eastman:

You quote - seemingly with approval - American University senior Radhika Raman who opposes unpaid internships because, in her view, such opportunities "contribute to economic inequality by favoring wealthy students who can afford to pay for housing, food and transportation expenses" ("American U. Student: Unpaid internships exacerbate inequality," July 5).

We Americans are routinely beseeched to "volunteer." We are assured that volunteers experience a warm sense of personal achievement as well as gratifying connectedness with people who would otherwise remain perfect strangers to the volunteers. All good things. Also, high-school students are advised that a solid record of volunteering increases their chances of being admitted to their preferred colleges.

My 16-year-old son volunteers at a community theater for these very reasons.

Does Ms. Raman believe that such volunteering should be made illegal? Do those of us from middle- and upper income households - who can afford to give some of our time away for free in exchange for the personal benefits we receive from volunteering - enjoy such "unfair" advantages over less-affluent people that we should be prevented from volunteering (and, hence, ironically be compelled to demand monetary payment in exchange for labor services that we now supply free of charge)?

Another question: I've never been paid for the blog\* that I've written daily for the past nine years. Yet the popularity of this blog has opened for me many professional and income-earning opportunities that would otherwise have remained unavailable to me. Does Ms. Raman feel that government should prevent unpaid blogging on the grounds that poor people, unlike wealthier people, cannot easily afford to spend time volunteering their thoughts through this medium?

Sincerely,  
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12 July 2013

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

Dear Editor:

Mistakenly asserting that taxpayer backing of the Export-Import Bank is a boon to America's economy, University of Wisconsin nuclear engineer Michael Corradini highlights the fact that he himself "has seen the Ex-Im Bank support a United Arab Emirates project with \$2 billion in financing that will end up providing about 5,000 U.S. jobs through companies such as Westinghouse, Lightbridge, ConverDyn and CH2M Hill" (Letters, July 12).

No one doubts that government pumping of taxpayer-subsidized resources into the factories of corporation X enables corporation X to hire more workers and to produce more output. Yet sensible people understand also that government cannot pump resources into corporation X without pumping those resources away from other uses. Sensible people, therefore, do not conclude that the mere observable existence of corporation X's taxpayer-fueled activities is evidence that those activities are an economic boon.

Prof. Corradini's claim to the contrary is the economic equivalent of the argument of someone who, not seeing the fuel-storage tanks buried beneath the ground at a gasoline station, concludes that the fuel pumped into cars at that station materializes miraculously from nowhere.

Sincerely,  
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