



Comment on the Commentary of the Day

by

Donald J. Boudreaux

Chairman, Department of Economics

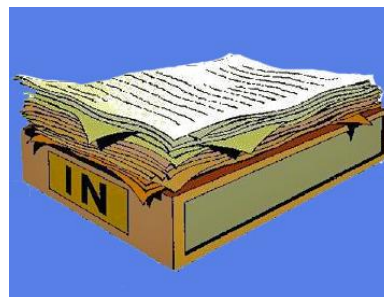
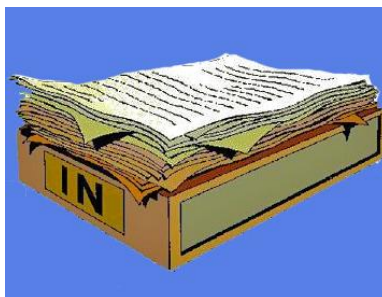
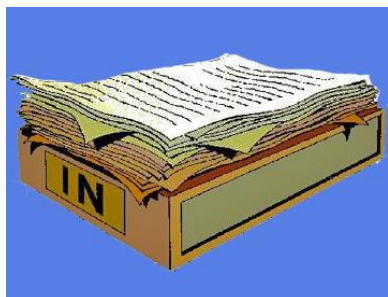
Martha and Nelson Getchell Chair for Free Market Capitalism

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 December 2013

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

Dear Editor:

Paul Krugman today unintentionally undermines the case for the minimum wage. He does so by writing that "When the economy is strong, workers are empowered. They can leave if they're unhappy with the way they're being treated and know that they can quickly find a new job if they are let go. When the economy is weak, however, workers have a very weak hand, and employers are in a position to work them harder, pay them less, or both" ("The Fear Economy," Dec. 27).

In other words, when the economy is strong, competition among employers ensures that they pay and treat workers well. In economists' jargon, employers have none of the "monopsony power" that is necessary for minimum-wage legislation to work. Yet even when the economy is weak and employers enjoy monopsony power, employers' ability to work their employees harder means that a higher minimum wage will be offset by worsened working conditions. In economists' jargon, the existence of monopsony power is a necessary but not a sufficient condition for minimum-wage legislation to improve the well-being of low-skilled workers.

To recognize, as Mr. Krugman does, that employers can change how hard they work their employees is to recognize just how weak is the case for a higher minimum wage - a case built on the naïve assumption that the one and only response that employees experience from a higher minimum wage is to be paid that higher wage.

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

30 December 2013

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

Dear Editor:

Democrats will press hard in 2014 to raise the federal minimum wage by 39 percent ("Democrats Turn to Minimum Wage as 2014 Strategy," Dec. 30). In doing so, they deny that a higher minimum wage will destroy jobs. Their unique economic reasoning assures them that what is effectively a higher tax on employing low-skilled workers will not prompt firms to employ fewer low-skilled workers.

So will Democrats also abandon their call to tax carbon emissions? After all, as Berry College economist Frank Stephenson points out, if firms will respond to a higher tax on employing low-skilled workers in all ways *except* by employing fewer such workers, firms will likely respond to a higher tax on emitting carbon in all ways *except* by emitting less carbon.

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

1 January 2014

Mr. Leland Johansen

Dear Mr. Johansen:

I appreciate your note in which you express strong opposition to my negative opinion of politics and politicians. All I can say is that I see reality far differently than you see it - so differently that I'm afraid that I cannot take your advice that I "resolve" on this New Year's Day "to renew [my] faith in the goodwill of our elected leaders in Washington to work for the greater good and [my] confidence that their efforts will triumph if we all work together."

First, I can't renew a faith and confidence that I never possessed. Second, resolving to have faith and confidence in the goodwill and abilities of politicians, especially today when they legislate largely without Constitutional restraints, makes no more sense to me than resolving to have faith and confidence that there really is a Santa Claus. Imagining such an alternate reality can be fun, but it's a pastime for children, not for adults.

If you really wish to serve your fellow Americans, stay in the private sector where those with whom you deal pay you voluntarily - that is, in ways that prove that you are serving them well. In politics, you'll be spending money taken from others forcibly, so you'll have precious little reliable feedback on whether you are helping or harming your fellow Americans.

I wish you and yours a great 2014.

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

* <http://cafehayek.com/2013/12/quotation-of-the-day-857.html>

2 January 2014

Editor, *New York Daily News*

Dear Editor:

Mayor Bill de Blasio promises that, in addition to making incomes in New York City more equal, he'll also shut down all horse-drawn carriages ("Bill de Blasio says he won't horse around over New York's controversial carriages," Dec. 31).

In other words, while Mr. de Blasio's thinks it "inhumane" for entrepreneurs to harness horses with bridles and yokes so that customers can enjoy paid rides, he thinks it noble for politicians to harness high-income-earning human beings with the yoke of taxes and the bridle of regulation so that other people can enjoy free rides.

I say 'neigh' to such "Progressivism."

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

3 January 2014

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

Dear Editor:

You label the prediction that raising the minimum wage will destroy jobs for low-skilled workers "a party-line theory that most economists agree has been discredited" ("The Campaign for a Bigger Paycheck," Jan. 2). You are wrong.

If you consult your own publication you'll discover that on March 4, 2013, Catherine Rampell reported that 34 percent of economists - a plurality of those surveyed - agree that raising the minimum wage to \$9 per hour "would make it noticeably harder for low-skilled workers to find employment" ("What Economists Think About Raising the Minimum Wage"). Twenty-four percent of economists were uncertain, and 32 percent disagreed.

Thirty-two percent of economists is not "most economists."

Further, the paper** to which you link in support of your conclusion (1) offers - contrary to the impression conveyed by your editorial - no survey evidence of economists' opinions about the employment effects of the minimum wage, and (2) reaches

conclusions favorable to the minimum wage only by dismissing the most careful contrary research*** with the charge that it is "considerably more subjective" than research favorable to the minimum wage.

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

* <http://economix.blogs.nytimes.com/2013/03/04/what-economists-think-about-raising-the-minimum-wage/>

** <http://www.cepr.net/documents/publications/min-wage-2013-02.pdf>

*** David Neumark and William L. Wascher, *Minimum Wages* (Cambridge: MIT Press, 2008).

4 January 2014

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

Dear Editor:

Harold Meyerson asserts that, "[a]lthough economic libertarians object to the minimum wage on theoretical grounds, a look at the states that have refused to enact minimum-pay statutes suggests the real opposition to the minimum wage is rooted in something else. Those states are Alabama, Louisiana, Mississippi, South Carolina and Tennessee - places where persistent racism and the heritage of slavery seem to me a far more likely cause of opposition to the minimum wage than any ideological infatuation with the works of Ayn Rand" ("Wage boost could pay Democrats dividends," Jan. 3).

To allege, as Mr. Meyerson does, that opposition to minimum wages is fueled by racists is akin to alleging that opposition to defense spending is fueled by the military-industrial complex. It makes no sense and it's wildly inaccurate. My colleague Walter Williams explains: "During South Africa's apartheid era, its racist unions were the major supporters of minimum wages for blacks. South Africa's Wage Board said, 'The method would be to fix a minimum rate for an occupation or craft so high that no Native would likely be employed.' In the U.S., in the aftermath of a strike by the Brotherhood of

Locomotive Firemen, when the arbitration board decreed that blacks and whites were to be paid equal wages, the white unionists expressed their delight saying, 'If this course of action is followed by the company and the incentive for employing the Negro thus removed, the strike will not have been in vain.'"

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

* Walter E. Williams, "Minimum Wage Cruelty," April 14, 2010:

<http://econfaculty.gmu.edu/wew/articles/10/MinimumWageCruelty.htm>

