2014 B>Quest BUSINESS QUEST 1996 - 2014

Comment on the Commentary of the Day

by

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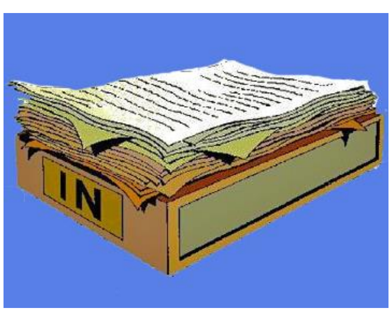

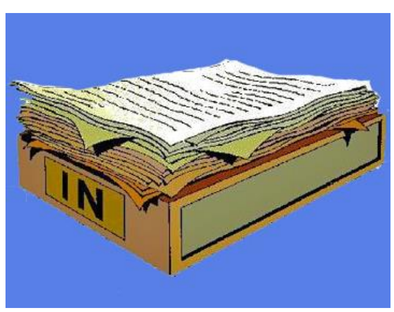

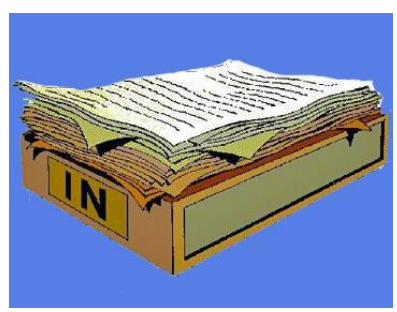

Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet, and if they are, they may require registration or subscription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

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17 July 2014

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

Dear Editor:

You rightly criticize the U.S. government's imposition of punitive taxes on Americans who buy steel made outside of America ("Protectionists Steel Washington," July 17). Economic arguments of the sort that you make against protectionism are powerful and necessary. I myself make these arguments repeatedly. I'll continue to do so and hope that you will too.

Yet occasionally it's important to step away from these economic arguments in order to expose protectionism's immorality.

Protectionism is government intimidation unleashed against consumers to oblige them to buy products that they prefer not to buy. Protectionism is force that enriches the politically powerful at the expense of the politically impotent. Protectionism is business people profiting from receiving special favors from politicians rather than from giving good service to the public. Protectionism is the myth that money belongs not to consumers who earned it peacefully but to suppliers who steal it coercively. Protectionism is the corrupting lie that absurdly and insultingly insists that mass flourishing results from monopoly and dearth rather than from competition and abundance.

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

22 July 2014

Ms. Molly Mills

Dear Ms. Mills:

Thanks for alerting me to Joe Nocera's article on the cystic-fibrosis wonder drug Kalydeco - a drug that now costs each patient more than $300,000 annually ("The $300,000 Drug," July 18). You ask how my "free market principles justify a private business charging sick people this extortionate price."

While admitting that this price is unusually high - and with mentioning here in passing that Mr. Nocera himself notes that Kalydeco's maker, Vertex, "provides the drug for free" to uninsured patients - let me answer your question by first asking some of my own.

How much would each person suffering from cystic fibrosis have to pay *you* to devote the time and resources necessary for *you* to supply him or her with a drug such as Kalydeco? Are *you* prepared to supply such a drug to each patient at an annual price of, say, only $5,000 or $500 or $50? Indeed, are you prepared to supply such a drug to each patient even at an annual price of $300,000? I suspect not. I suspect also that, unlike Vertex, you spend *no* time working to invent and supply life-saving drugs, and that - also unlike Vertex - you are unwilling to supply people with a drug such as Kalydeco even if you are offered a price twice that now charged by Vertex.

Moralizing is easy, cheap, and fun. You and Mr. Nocera excel at it. But I ask you and him to please think twice before either of you - who do absolutely nothing to relieve the suffering of cystic-fibrosis patients - upbraid others (the owners of Vertex) for doing at least *something* to relieve such suffering.

Sincerely,
Donald J. Boudreaux
Professor of Economics
and
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P.S. I believe that intellectual-property statues in the U.S. now provide patent rights that are too broad and too long. But your complaint isn't premised on faulty intellectual-property regulation.

24 July 2014

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

Dear Editor:

Pleading for punitive taxes on Americans who buy imported steel, Thomas Gibson of the American Iron and Steel Institute insists that we all should follow the rules of trade (Letters, July 24). Mr. Gibson is right about following rules, but his interpretation of those rules is fundamentally flawed.

The most foundational rule of trade is that consumers get to spend their money as they see fit and, hence, that only producers who best satisfy consumers (as judged *exclusively* by consumers) get to stay in business. Period. Mr. Gibson, lobbying for tariffs on consumers who spend their money as they see fit, flips the rule around. According to him, consumers' spending choices are legitimate *only* if such spending conforms to regulations imposed by government (which is always beholden, to one degree or another, to powerful producers such as Mr. Gibson's employers).

Contrary to what Mr. Gibson would have us believe, the "rules" that he demands be enforced are in fact government regulations that *break* the rules of trade - regulations premised on the impoverishing notion that trade's purpose is to enrich existing domestic producers rather than to give consumers maximum possible scope to enrich their lives as they choose.

Sincerely,
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28 July 2014

Mr. Gordon Johnson

Dear Gordon:

Thanks for your note in defense of the Export-Import Bank.

I'll not respond to each of your arguments (especially because Vero has addressed these claims in her many well-researched and reasoned writings on this matter). I'll simply, and with respect, say that you forget Bastiat's greatest lesson: look beyond the seen to the unseen.

No government can make some firms within its jurisdiction artificially more competitive in foreign markets without simultaneously making other firms within its jurisdiction artificially less competitive. The reason is that resources transferred by government to favored firms must come from somewhere; they are not free. The resources enjoyed by favored firms either come directly from other, unfavored firms whose taxes are raised to support the favored firms, or these resources come indirectly from other, unfavored firms who lose consumer patronage because now higher-taxed consumers have less money to spend in support of these other firms.

A foreign government that subsidies some of its firms is like a physician who routinely forces thousands of unseen and powerless people to transfuse excessive amounts of their blood to a handful of prominent and powerful patients. The blood received by the powerful patients is taken from others. (This fact remains true even if these powerful patients unfailingly pay in full the physician's fee.) And just as it would be mistaken to conclude that any resulting increased vigor of the powerful patients means that society at large is made healthier by coerced blood transfusions, it is mistaken to conclude that any resulting increased vigor of subsidized firms means that the economy at large is made stronger by coerced resource transfusions. In both cases, quite opposite is true: the forced transfers weaken, rather than strengthen, the larger group.

If other governments weaken their economies by forcing their citizens to make such resource transfusions, that's no good reason for Uncle Sam to weaken the American economy by forcing American citizens to make such resource transfusions.

Sincerely,
Donald J. Boudreaux
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  and
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3 August 2014

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

Dear Editor:

In his excellent review of Robert Mayhew's *Malthus*, Justin Fox uncritically repeats the claim that "[i]t was reading Malthus that got Charles Darwin thinking about natural selection" ("Head Count," Aug. 3).

Likely not. According to the late Stephen Jay Gould, Darwin's theory of natural selection is an application to the natural world of Adam Smith's theory of the operation of the invisible hand of the market.* (Among the books that Darwin read while sailing on *The Beagle* to the the Galapagos Islands was Dugald Stewart's 1793 *Account of the Life and Writings of Adam Smith*.)

Smith brilliantly explained how complex and productive economic order arises unplanned from multitudes of largely self-serving individual human actions, where none of these actions is undertaken by anyone who has (or can possibly have) more than trifling knowledge of how his or her actions fit into the larger and ever-changing pattern of market processes or outcomes. Darwin adapted to the realm of biology this Smithian understanding of undesigned order in human society.

Sincerely,
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* Stephen Jay Gould, "Darwin's Middle Road," in Gould, *The Panda's Thumb* (New York: Norton, 1980).

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