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Comment on the Commentary of the Day

by

Donald J. Boudreaux

Chairman, Department of Economics

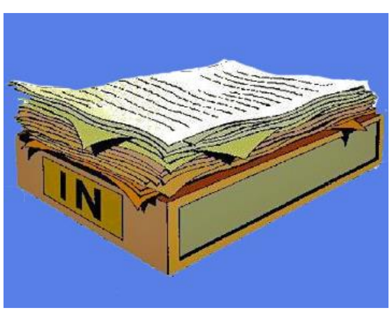
Martha and Nelson Getchell Chair for Free Market Capitalism

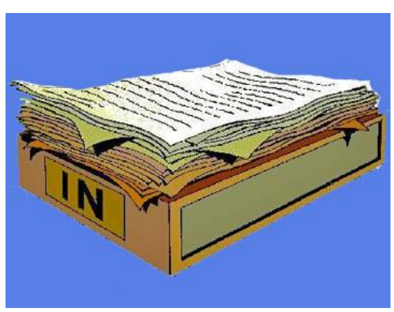
Mercatus Center

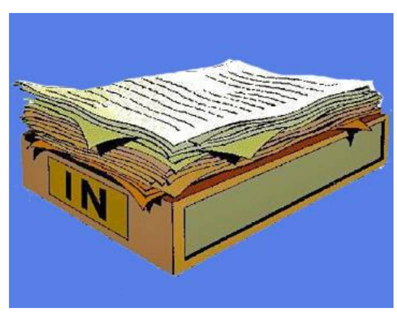
George Mason University

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.

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6 August 2014

Mr. Bill Clinton

Mr. Clinton:

You correctly understand that if the U.S. Export-Import Bank stops subsidizing foreigners to buy certain American exports, these foreigners will buy fewer of these exports (*The Hill*, "Bill Clinton: Attacks on Ex-Im bank 'ridiculous,'" Aug. 5). (You wrongly suppose that such subsidies boost the U.S. economy generally - but that's not why I write.)

Given your understanding that buyers of good or service X buy less of it as the cost they incur to buy X rises, can we expect you to oppose efforts to raise the minimum wage? Hiking the minimum wage, of course, raises employers' costs of hiring workers. So you surely agree that, just as raising foreigners' costs of buying certain American exports will result in fewer such exports being purchased, raising employers' costs of hiring low-skilled workers will result in fewer such workers being hired.

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

9 August 2014

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

Dear Editor:

You report that "Gov. Andrew M. Cuomo of New York wants to do everything he can to keep the Buffalo Bills in the state" ("Cuomo Says He Could Consider New Bills Stadium," Aug. 9). Yet you immediately explain that what Mr. Cuomo means is that he "will consider public aid for a new stadium if necessary."

In words more clarifying: Gov. Cuomo wants to force OTHER people - New York state taxpayers - to do everything THEY can to bribe the owner of a business worth $840 million to keep that business in New York State.

So in fact Mr. Cuomo isn't willing to do everything HE can; he hasn't offered to put up any of his own money for this project. Instead, he wants to stick other people with the bill for the Bills.

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

12 August 2014

Mr. Frank Rowe

Mr. Rowe:

Thanks for e-mailing me. With respect, I disagree that "closing the Export-Import Bank should wait until we have stronger US job growth." If a policy generally harms the economy, it should be abolished ASAP. Assertions of possible short-run benefits yielded in exceptional circumstances by such a policy ought not obstruct opportunities to cleanse the body politic of that harmful policy.

You'll dismiss my argument as being (to use your term) "ivory towerish." Before doing so, however, consider the following scenario. Suppose that Uncle Sam long ago adopted the economically harmful policy of preventing any American from saving more than one-half of one percent of his or her annual income. Suppose further that political developments make possible, for the first time in ages, the elimination of this destructive anti-saving policy. Would you favor reauthorizing this policy simply because today's job market is sluggish? Because you agree that this policy generally harms the U.S. economy, do you really believe that whatever buoyancy it might today add to the job market is a benefit sufficiently great and certain to justify the indefinite continuation of this policy - a policy that on the whole obstructs the operation of the market, stymies capital formation, and slows economic growth?

If (as I suspect) you would seize an opportunity to end this hypothetical anti-saving policy even if that opportunity arose during a slack job market, then you should reconsider your argument that today's slack job market is sufficient justification for keeping the Ex-Im Bank open.

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

13 August 2014

Editor, The Hill

Mr. Editor:

It's true that over the past three years bureaucrats at the Export-Import Bank exceeded their travel budget by 71 percent ("Ex-Im busts travel budget by $3M," Aug. 13). But what's the problem?

According to the Bank's supporters, Ex-Im creates jobs in the U.S. by spending taxpayer money to boost demand for those American goods and services that Bank employees determine should be purchased in greater quantities. Well, Ex-Im employees clearly determined that more taxpayer money should be spent to increase the purchases of travel services - purchases that, if the economic theory used by Ex-Im supporters is correct, create more American jobs. So Rep. Maxine Waters, Sen. Maria Cantwell, Bill Clinton, and the Bank's many other champions should positively celebrate such budget-busting travel as furthering the Bank's mission and strengthening the American economy.

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

14 August 2014

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

Dear Editor:

You rightly highlight the dubious assumptions used by the Export-Import Bank to estimate the number of jobs its subsidies "support" ("Seeking clarity on the number of jobs the Export-Import Bank is responsible for," August 14). Yet a deeper truth deserves prominence - namely, subsidizing exports is no more likely to increase overall employment than is subsidizing any other class of goods or services.

Suppose that, instead of the Ex-Im Bank, we had a Yellow Goods Bank. This bank would subsidize all purchases, foreign and domestic, of maize, summer squash, school buses, and other goods colored yellow. Such subsidies would indeed result in larger numbers of people working to produce yellow goods. But such subsidies would also pull resources - financing, raw materials, machinery, and workers - from the production of beets, blue jeans, cardiovascular surgery, and other non-yellow outputs.

Because sensible people are unlikely to be duped into thinking that a government policy of artificially increasing the production of goods described as "yellow" means a stronger overall economy, why do so many otherwise sensible people continue to fall for the mercantilist myth that a government policy of artificially increasing the production of goods described as "exports" means a stronger overall economy?

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

UNIVERSITY of West Georgia