



Comment on the Commentary of the Day

by

Donald J. Boudreaux

Chairman, Department of Economics

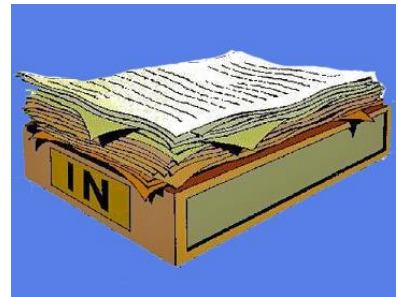
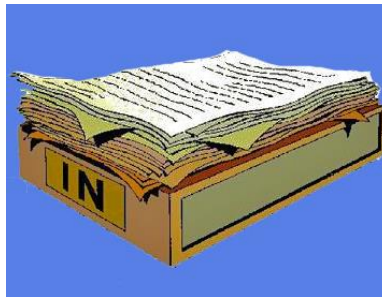
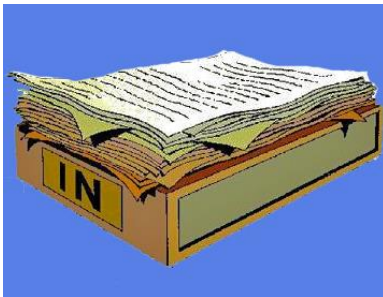
Martha and Nelson Getchell Chair for Free Market Capitalism

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.

31 October 2014

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

Dear Editor:

You report that Hillary Clinton tried to explain (away) her recent 'businesses don't create jobs' remark by saying that what she *really* meant is that jobs are not created by businesses that "outsource jobs or stash their profits overseas" ("Hillary Rodham Warren," Oct. 31).

Ignore Ms. Clinton's outsourcing comment, which reflects nothing but pedestrian economic illiteracy (or her willingness to pander to such). Instead, note that if Ms. Clinton is correct in her suggestion that corporations are stashing lots of profits overseas, Thomas Piketty and his fans ought to be pleased. Profits that are stashed abroad (or anywhere, for that matter) are not - contrary to M. Piketty's suspicions - paid out frivolously and unfairly to undeserving CEOs; are not ploughed back into profit-making activities that further increase wealth disparities by increasing the value of capital assets; are not spent to finance the conspicuous consumption that M. Piketty and many on the left worry ignites envy in the 99 percent; and are not used to buy the political favors and electoral outcomes that "Progressives" fret are now being bought by the 1 percent.

So the downside of jobs potentially lost to the stashing of profits might be balanced, or even outweighed, by the upside of these stashed profits not being invested and spent in all those socially corrosive ways that M. Piketty so famously warns against.

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 November 2014

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

Dear Editor:

On Wednesday, 51 governments agreed to share financial information in order to reduce tax evasion ("51 countries sign deal in tax evasion crackdown," Oct. 30). Britain's Chancellor of the Exchequer, George Osborne, roundly approves, proclaiming that this new treaty "strikes a blow on behalf of hard-working taxpayers."

Not so fast. While this treaty unquestionably strikes a blow on behalf of tax-collectors such as Mr. Osborne, it's less obvious that this treaty helps taxpayers. Consider the U.S.: In 31 of the 67 post-war years from 1946 to 2013, Uncle Sam's budget deficit rose (or budget surplus shrunk) when his tax receipts increased.* This fact means that Uncle Sam almost as often as not responds to each dollar of additional tax revenue by increasing his spending by *more* than a dollar - thus imposing a heavier tax burden on future taxpayers.

Of course, this reality doesn't prove that governments' are institutionally prone to treat a rise in tax receipts as an invitation to hike spending excessively rather than to lower the tax burden on non-evaders. But it should give serious pause to those who blithely assume that more revenue extracted from tax evaders will necessarily reduce the burden of taxes borne by non-evaders.

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

* See Table 1.1:

<http://www.whitehouse.gov/omb/budget/historicals>

4 November 2014

Dear Mr. John King, Host
Inside Politics
CNN

Dear Mr. King:

Interviewed this election day on Washington's WTOP radio, you exclaimed, with seeming conviction, that "of course" each person's vote matters.

I'm sure that you understand that the probability of any one vote truly mattering in any political election in the U.S. is practically zero. So I suspect that you, like many other people, justify your public insistence that each vote matters as being a noble lie - a claim that, while objectively false, inspires people to perform socially beneficial actions that they would otherwise be less likely to perform.

But why assume that voting is socially beneficial? Why assume that your lie is noble? If you instead told the truth about voting - namely, that any voter who feels that he or she has a meaningful say in electoral outcomes is deluded - people might become less enamored of politics. Enlightened about the reality of voting, ordinary people might come to depend more on their own trustworthy personal initiative and less on the untrustworthy initiative of power-craving strangers; depend more on the very real affections and friendships of their families and neighbors and less on the fake, theatrically proclaimed affections of politicians; and depend more on merchants and employers who must compete daily to satisfy each customer and each employee and less on politicians who compete only each electoral cycle, not to satisfy each individual, but merely to win the approval of the crowd.

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

5 November 2014

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

Dear Editor:

Ironically, Ruth Marcus's case for compulsory voting appeared in your pages only two days after the death of my *emeritus* colleague Gordon Tullock - one of history's most insightful and influential students of the reality of politics and of voting ("A case for compulsory voting," Nov. 5). Gordon famously refused to vote. Among his reasons was that no individual vote is likely to determine the outcome of any election.

Yet Gordon's case for not voting was based on more than the reality that it's foolish for an individual to waste time and effort on an activity whose outcome that individual cannot hope to affect. More deeply, Gordon understood that politics is a nest of corruptions and deceptions that are made invisible by the romantic lenses through which too many people view democratic processes. Consider, for example, Gordon's observation that "[t]he politician who sells his decision in Congress for votes is not obviously in better moral shape than the politician who sells it for cash. Nevertheless, the first act is not strictly speaking illegal."* Surely no one should be obliged to participate in a process that selects which particular scoundrels win the privilege of selling their legislative decisions, be the sales in exchange for cash or for votes.

Does Ms. Marcus not see that there is both ethical and informational value in allowing people to express their opinion of politics by *refusing* to participate in any of its rites and rituals?

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

* Gordon Tullock, *Government: Whose Obedient Servant?* (London: Institute of Economic Affairs, 2000), p. 15.

8 November 2014

Editor, *Boston Globe*

Dear Editor:

Claiming that labor markets are not self-regulating, Jonathan Schlefer recently demanded stronger labor unions and a higher minimum wage - and

he insisted that even Adam Smith shared his views ("Economists' long-held beliefs make income inequality worse" Oct. 12). According to Mr. Schlefer, who quotes from *The Wealth of Nations*, "Smith believed that each society sets a living wage to cover 'whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without.'"

Mr. Schlefer's seriously misinterprets Smith.

First, the quoted passage from *The Wealth of Nations* appears in a chapter on excise taxation;* it has nothing to do with labor policy. Second and more importantly, this passage is part of Smith's explanation of how wages naturally adjust on the market in response to the demand and supply of labor. Smith's point is exactly the opposite of Mr. Schlefer's: Smith argued that wages in the free market rise automatically to enable workers to lead at least a minimally decent life by the standards of their time and place.

Whatever the merits or demerits of Smith's analysis, he did not here (or anywhere else) argue that each society sets, or should set, a "living wage" through government policy or any other method of collective action. And while Smith did support workers' freedom to organize, his understanding of (and confidence in) market forces - along with his deep skepticism of government intervention - makes it highly unlikely that Smith would have supported the minimum wage. As economist Timothy Taylor writes, "frankly, it is ridiculous to cite Adam Smith in support of minimum wage legislation."**

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

* Paragraph 148 of Book V, chapter 2: "Of the Sources of the General or Public Revenue of the

Society"<http://www.econlib.org/library/Smith/smWN21.html#B.V,%20Ch.2,%20Of%20the%20Sources%20of%20the%20General%20or%20Public%20Revenue%20of%20the%20Society><http://conversableeconomist.blogspot.com/2013/12/barack-obama-adam-smith-and-minimum-wage.html>

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