



Comment on the Commentary of the Day

by

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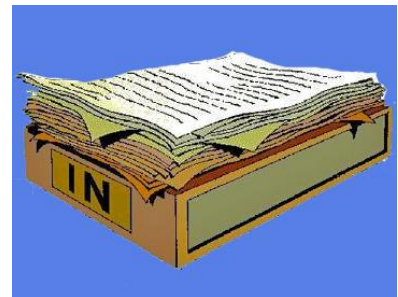
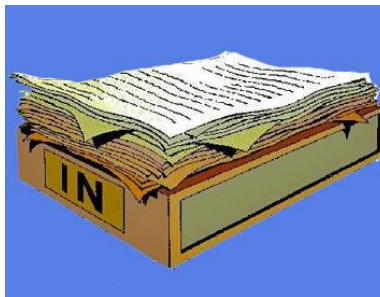
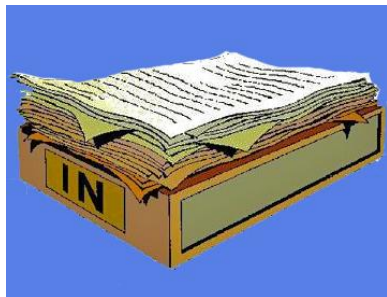
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Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet,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

23 January 2014

Ms. Gina Schaefer,
Washington, DC

Dear Ms. Schaefer:

You're identified in a mass e-mail, sent by "Business for a Fair Minimum Wage," as co-owner of nine ACE Hardware stores in Washington DC and Maryland." And you've also signed a petition calling for a higher minimum wage - a stance that you justify with the following argument:

"We have nearly 200 employees and our starting wage for sales associates is \$10 an hour. That helps us attract and retain employees who deliver the great service that draws large numbers of customers to our stores and enables us to stay competitive. Increasing the minimum wage will help promote a healthy, dedicated workforce and keep more dollars circulating in our local economy."

Your statement raises many questions. For example: if all employers would be better able to "stay competitive" by paying all of their workers wages above the current minimum, why do they not already do so? After all, you now pay such higher wages. Why do you suppose that your particular business plan will work equally well for other firms? Asked differently, why do you presume that other business owners are so inept that they're leaving easy money on the table?

If history is any guide, you - a business owner who supports a higher minimum wage - actually presume no such ineptness on the part of your competitors. Your support for raising the minimum wage is almost surely driven by your wish to increase your profitability by throttling your competitors. Quite likely, your rivals now profitably use business plans that rely more heavily than does your plan upon the use of low-skilled workers. Because your workers already earn wages at or above the proposed higher minimum, your costs will be unaffected by a hike in the minimum wage. Your competitors, however, won't be so lucky. When their costs are forcibly raised, they'll be less able to compete effectively with you for customers. Some rivals will exit the industry while others scale down their operations.

Your enhanced profitability, in other words, will be extracted from the hides not only of your hapless competitors but also from the many low-skilled workers whose employment prospects will shrink. And all while you'll wear a cloak of faux altruism that, sadly, fools the gullible into thinking that you're a friend of the poor.

Sincerely,
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and
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26 January 2014

Editor, *New Yorker*

Dear Editor:

John Cassidy concludes his musings on the finding that income mobility in America hasn't changed in recent decades with a warning: "Finally, the new study doesn't mean that the effects of inequality aren't more serious than they used to be. With inequality rising, particularly at the top, the rewards for clambering up the income distribution are greater, and so are the costs of getting stuck at the bottom" ("Social Mobility Hasn't Fallen; What It Means and Doesn't Mean," Jan. 23). This warning is confusing.

If rising inequality does indeed mean that "the rewards for clambering up the income distribution are greater," then we should expect more such clambering. In a market economy that means more work, more saving, more investing, more innovation. The results of this clambering might not yet appear in the data, but it's strange that Mr. Cassidy thinks that the higher rewards for "clambering up the income distribution" are necessarily a problem.

Also, why does rising income inequality mean that the "costs of getting stuck at the bottom" are greater? Unless Mr. Cassidy assumes that Jones gets richer only by making Smith poorer (and surely no modern economics pundit would commit such a primitive error), why does Mr. Cassidy dismiss even the possibility that individuals' *absolute* incomes can rise even if their *relative* incomes do not?

Sincerely,
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3 February 2014

Hon. Martin O'Malley, Governor
State of Maryland
Annapolis, MD

Dear Gov. O'Malley:

Reasoning that "[o]ur economy does best when our middle class is actually growing and thriving," you today told attendees at a rally that you support a 39-percent hike in Maryland's minimum wage. Contrary to the arguments of many economists who worry that raising the minimum wage prompts employers to hire fewer workers, you obviously believe that employers simply absorb higher mandated costs without changing their behavior.

So I've a question: If, as you believe, employers respond to higher mandated costs only by absorbing these costs rather than by changing their behavior to minimize their exposure to such costs, why are you confident that firms will pay the higher legislated minimum wage rather than pay the penalty specified for failure to do so?

You recognize that imposing costs - in the form of fines - on employers who disobey the legislation causes employers to adjust their behavior in order to minimize their exposure to the costs of fines. As a result, no firms pay workers wages below the legislated minimum. It's odd, therefore, that you do not recognize that imposing costs - in the form of minimum wages - on employers causes employers to adjust their behavior in order to minimize their exposure to the costs of higher wages. In reality, just as raising firms' costs of violating government regulations causes firms to commit fewer such violations, raising firms' costs of employing low-skilled workers causes firms to employ fewer such workers.

If you think it's silly to suppose that higher costs of employing workers reduces employment, then you must also think it's silly to suppose that higher penalties for breaking the law reduces the amount of law breaking - and the latter proposition is one that you, as a government official, clearly do not think to be silly.

Sincerely,
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5 February 2014

Editor, Salon

Dear Editor:

Jesse Myerson's plea for communism is a torrent of historical errors and twisted reasoning ("Why you're wrong about communism: 7 huge misconceptions about it (and capitalism)," Feb. 2). Here's just one instance. Suggesting that art under communism would be better than under capitalism, he asserts that "most of the greatest art under capitalism has always come from people who are oppressed and alienated (see: the blues, jazz, rock & roll, and hip-hop)."

Overlook the questionable claim that most great artists under capitalism were oppressed and alienated. (Were Lennon and McCartney, Berry Gordy, Duke Ellington, Leonard Bernstein, and Andy Warhol truly "oppressed and alienated"? How about Jackson Pollock? Thomas Hardy? Ernest Hemingway? Lawrence Olivier? Raymond Loewy?) Focus instead on the critical reality that, in fact, there are countless great artists, and Niagaras of profound art, produced under capitalism. The same cannot be said for communism.

The reason is simple. Capitalism supplies artists not only with abundant materials and media for producing and sharing their works, but also with the freedom and personal space for them to create. In stark contrast, communism necessarily prohibits would-be artists from pursuing their muses. All means of production under communism are owned by the state, and, hence, remain off-limits to artists whose individual plans do not mesh with the central plan. The nature of a central plan requires that the state regiment each individual to his or her assigned part in that plan. You can't have a working central plan if everyone is free to choose his or her own job or free to produce whatever he or she fancies. If a longshoreman under communism wants instead to work full-time as a poet, too bad. He can't. And if one of the state's official poets wants to criticize the regime, too bad. She can't - unless, of course, she's prepared to be executed.

It's astonishing that Mr. Myerson is blind to this reality.

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