



## Comment on the Commentary of the Day

by

Donald J. Boudreaux

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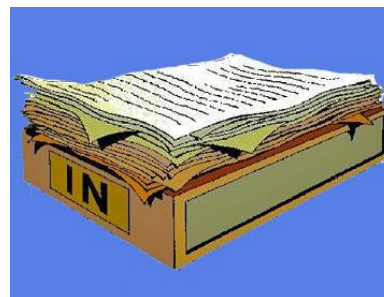
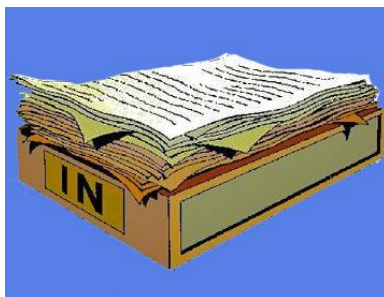
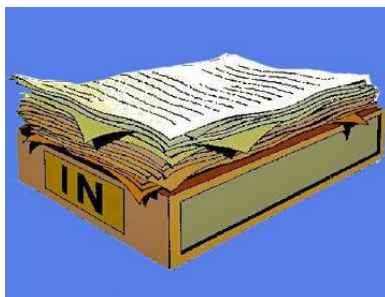
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**Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet,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

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25 August 2015

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

Dear Editor:

Andy Kessler convincingly argues that Hillary Clinton's plan to end what she calls corporate "short-termism" will do more harm than good ("The Clinton Plan to Distort Market Signals," August 25).

One other point deserves mention: politics is afflicted with far more chronic short-termism than are financial markets. The flows of expected future costs and benefits from how assets are used today are reflected in today's asset prices. To keep these prices and portfolio values as high as possible, business executives and investors have strong incentives (as Mr. Kessler explains) to act today with real regard for tomorrow. No such future-oriented pricing mechanism operates in politics. Each politician's time-horizon thus extends only to the next election. So trusting a politician with the task of assessing and addressing short-termism makes as much sense as trusting the Imperial Wizard of the KKK with the task of assessing and addressing racism.

Sincerely,  
Donald J. Boudreaux  
Professor of Economics  
and  
Martha and Nelson Getchell Chair for the Study of Free Market Capitalism at the  
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27 August 2015

Mr. Sam Craig

Mr. Craig:

I'm sorry that my "Notable & Quotable"\* in Tuesday's *Wall Street Journal* has you in such a froth. Yet none of the quotations that you kindly supplied from Donald Trump's stump speeches offers a sound reason for Uncle Sam to raise tariffs on imports from China.

Your underlying principle - Trump's underlying principle - the underlying principle of all who would use government coercion to obstruct consumers' spending choices is that consumers' spending must be done first and foremost for the benefit of visible, existing domestic *producers* rather than for the benefit of the people who earned the money in the first place and who then choose to spend it - namely, consumers themselves.

I reject this principle fully and unconditionally.

In fact, let's test just how consistently you're willing to stick to this principle. Because you believe that consumers should be forced to spend the fruits of their labor not in ways that *they* judge to be best for them but in ways that *politicians* judge to be best for certain existing domestic producers, do you believe that government - in addition to imposing tariffs on imports - should also ban refrigerators in homes? After all, if consumers were unable to store food at home, they'd make more trips to supermarkets. These extra trips would increase consumer demand for gasoline and thus create more jobs in American oil fields and for drivers of trucks to deliver gasoline to service stations. Likewise, supermarkets would probably have to hire more cashiers. A third excellent effect is that a ban on home refrigerators would likely increase Americans' demand to dine out, thus raising employment in the restaurant industry. Sure, consumers would be somewhat worse off, but focus on all the extra jobs that would be created!

And how about also legislation that makes it unlawful for Americans to mow their own lawns, to do their own laundry, to groom their own pets, to wash, maintain, and repair their own automobiles, to clean and repair their own homes, and to administer their own first-aid? Would you (and Trump) support such legislation? After all, think of the resulting boom in jobs for workers employed by lawn-care services, maid services, pet stores, auto-repair firms, handyman services, and hospital emergency rooms. Surely the petty convenience and frivolous freedom of consumers to spend their money as they choose ought not block what you describe as "the tremendous benefits" of "gutsy action to create more jobs here in the great USA."

Now if you *don't* support the kinds of restrictions that I mention just above, then you'll pardon me for dismissing as foolish your (and Trump's) support for tariffs because I'll recognize such support as being the result, not of careful and considerate thought, but instead of all-too-common economic ignorance.

Sincerely,  
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\* <http://www.wsj.com/articles/notable-quotable-how-china-makes-america-better-off-1440457545>

31 August 2015

Editor, *Washington Times*

Dear Editor:

Peter Morici claims that “The U.S. economy won’t be much hurt by China’s slowdown because it has purchased much less in the United States than it sells here” (“China’s turmoil good news for U.S. economy and stocks,” August 31).

This claim is ridiculous. If the logic behind it were sound, it would mean that the typical American household wouldn’t be much hurt by the demise of supermarkets, clothing stores, and hospitals because these entities purchase less *from* the typical American household than they sell *to* the typical American household.

In this op-ed as in many of his other writings, Prof. Morici gets matters backwards. He mistakenly assumes that the benefit to us of economic activity lies not in the amounts of goods and services that we acquire from others for *our* use but in the amounts of goods and services that we must give to others for *their* use.

Sincerely,  
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1 September 2015

Mr. Bob Keener  
Business for a Fair Minimum Wage

Dear Mr. Keener:

In your latest e-mail proclaiming the alleged merits of a government-enforced rise in the minimum wage, you quote Doug Havron, owner of Gabby's Burgers and Fries in Nashville, as saying that "Raising the minimum wage is good business. Paying people good money leads to better service and self-motivated behaviors. It is smart in the short and long run."

Because absolutely nothing prevents Mr. Havron from raising his workers' pay now, and without being forced to do so by government, the fact that he evidently hasn't yet done so means that Mr. Havron doesn't really believe what he's quoted as saying or that he's a cartoonishly incompetent businessman. Either way, rather than Mr. Havron's remarks serving to strengthen your case for a higher minimum wage, they do quite the opposite by revealing Mr. Havron to be someone whose advice should be completely ignored by everyone.

Sincerely,

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4 September 2015

Mr. Ken Quinn

Dear Mr. Quinn:

Thanks for your e-mail. I did indeed read the letters\* in today's *Wall Street Journal* defending Donald Trump's plea for protectionism against my case for free trade. You'll be unsurprised to learn that I'm less impressed than you are with Ramon Nitzberg's assertion that lower-priced imports (to quote Mr. Nitzberg) make only "some Americans are better off. Some of the Americans, those who used to supply these goods and services, are not better off. They are unemployed Americans."

Mr. Nitzberg's assertion is the product of a perspective that's far too squinty. From a wider and more mature perspective, evidence and economic reasoning contradict this assertion with a vengeance.

The root flaw in Mr. Nitzberg's assertion is its implication that the number of jobs is fixed and, therefore, that whenever an American loses a job to a change in consumer

demand or to a newly exploited means of supplying that good or service using fewer domestic workers, the number of jobs in America declines permanently. History, however, falsifies this implication. For example, in 1800 three in every four jobs in America were on farms. In 2015, farm work accounts for only 2 in 100 jobs. Yet despite this massive destruction of agricultural jobs, today tens of millions more Americans are gainfully employed than were employed in 1800 - *and nearly all are employed at jobs that pay much higher wages than were paid in the past.*

So while the destruction of most agricultural jobs did indeed leave some workers unemployed, no one (not even, I'll bet, Mr. Nitzberg) would deny that Americans have been made better off by the ultimate source of this job destruction - namely, consumers' and producers' freedom to discover and to exploit lower-cost, labor-saving options. Only if you and Mr. Nitzberg honestly believe that the economic freedom that yesterday destroyed agricultural jobs in America can be said to have made only *some* Americans better off do you have any grounds to dispute the claim that the economic freedom that is today destroying manufacturing jobs in America makes Americans better off.

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\* <http://www.wsj.com/articles/home-alone-watching-cheap-chinese-tvs-1441308759>

12 September 2015

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

Dear Editor:

Michael Saltsman is correct: even those economists who support modest increases in the minimum wage largely oppose raising that wage to \$15 per hour out of fear that such a huge rise would significantly reduce the employment prospects of low-skilled workers ("[Joe Biden and the \\$15 Question](#)," Sept. 12). Mr. Saltsman also predicts that "[t]hese prominent economists won't deter unions from their quest to enact \$15 wage floors around the county."

Yes. But the reason unions won't be deterred in their quest is not that they disagree with

economists' prediction that a 107 percent hike in the minimum wage will price legions of low-skilled workers out of jobs. Quite the opposite. Unions want such a whopping increase in the minimum wage because they *agree* that it will destroy jobs for legions of low-skilled workers. Because for many tasks a smaller number of skilled workers can substitute for a larger number of low-skilled workers, the greater is the number of low-skilled workers artificially priced out of jobs by the minimum wage, the greater is the artificial increase in demand for skilled unionized workers.

Minimum-wage legislation, in short, is a manifestation of cronyism costumed as compassion.

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