



## Comment on the Commentary of the Day

by

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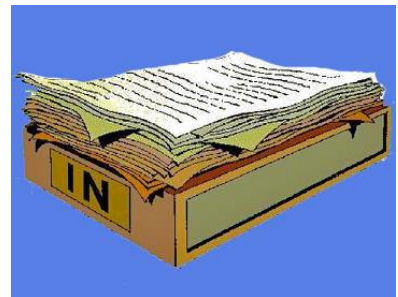
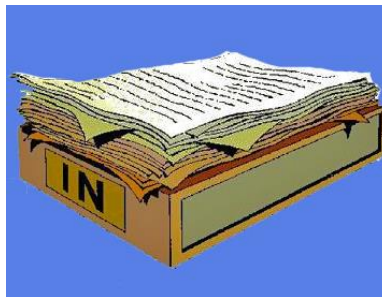
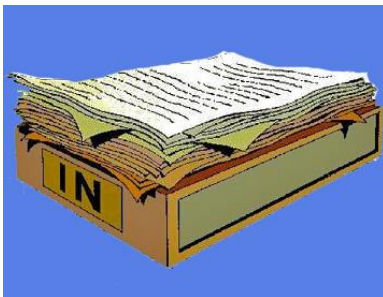
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**Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet,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

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28 February 2015

Program Director, WTOP Radio  
Washington, DC

Dear Sir or Madam:

You report that the IRS is cutting back on "customer service." Pleading poverty because of the budget cuts it must endure as a result of Congressional displeasure with its recent mistreatment of many of its 'customers,' the IRS moans that it simply has too few resources now to adequately man its customer-service phone lines. The IRS's message to its 'customers' is clear: tell your representatives to increase our funding or we'll make your lives even more miserable than we already do.

There's a key lesson here: when private firms in competitive markets seek more revenue they considerately offer customers the carrot of better service; in contrast, when government agencies seek more revenue they angrily whack 'customers' with the stick of worsened service.

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

4 March 2015

Mr. Marion Ellis

Dear Mr. Ellis:

Calling my criticism\* of Paul Krugman's most-recent column "shallow," you applaud

Krugman's denial that (quoting Krugman) “the market for human labor is like the market for anything else.”

Of course the market for human labor differs in detail from the market for other goods and services such as automobiles. Contrary to Krugman's suggestion, however, it does not follow that these differences render standard supply-and-demand analysis any less applicable to the market for human labor than it is to the market for automobiles. After all, the market for automobiles differs in detail also from the market for zucchinis, yet I doubt that Krugman would assert that such differences mean that the same supply-and-demand analysis used successfully to explain the workings of the market for automobiles doesn't work to explain the workings of the market for zucchinis.

Are workers - sellers of human labor-time - less likely than are sellers of zucchinis to prefer higher to lower prices for what they supply to buyers? Are employers - buyers of human labor-time - less likely than are buyers of zucchinis to respond to higher prices by adjusting their purchases to reduce the costs they incur as a consequence of these higher prices?

At the end of the day, *everything* offered for sale is offered for sale by humans, and only by humans. The zucchini farmer is a human being who makes his living by selling squash; the low-skilled worker is a human being who makes her living by selling labor-time. Whatever “human considerations” (as you call them) apply to those who make their living selling their labor services apply no less to those who make their living selling automobiles or zucchinis.

So if Krugman really believes that supply-and-demand analysis is inapplicable, at least without serious modification, to the market for human labor because humans are central to that market, then he must also believe that such analysis is inapplicable, at least without serious modification, to *everything*. If such an assault on the foundations of economic science is Krugman's goal, then he should make that case explicitly rather than asserting, as countless economically uninformed people have done throughout the ages, that because the market for this or that particular good or service is ‘different,’ the standard conclusions of economic analysis do not apply to that market.

Sincerely,  
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Professor of Economics  
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\* <http://cafehayek.com/2015/03/supply-and-demand-analysis-capture-social-forces-and-political-power.html>

5 March 2015

Rep. Barbara Lee (D-CA)

Ms. Lee:

Your essay yesterday at Medium.com is a textbook example of demagoguery fueled by arrogance, ignorance, and (what I will assume is careless) misinterpretation of statistics (“CEOs Are Rewarded for Keeping Their Employees in Poverty. It’s Time to Change That”). An example of the latter is your claim that “[s]ince 1987, pay for the average worker has barely budged.... Families got squeezed as prices rose and paychecks froze.” But as every respectable economics undergraduate student knows, a measure of average wages can be highly misleading about changes in the pay of flesh-and-blood people, especially if (as is true for the U.S. workforce) there are changes in the population from which the average is calculated.

Here, from the U.S. Census Bureau, are more-revealing, inflation-adjusted data that expose as spurious your claim that an ever-increasing percentage of Americans have fallen into poverty since 1987.\* In 1987, 13.3 percent of American households had annual incomes of less than \$15,000 (reckoned in 2013 dollars); in 2013 (the latest year for which data are available) that percentage was lower, at 12.7. Likewise, the percentage of households in 1987 with annual incomes of \$75K or less was 69.1; by 2013 this percentage had fallen to 65.6 - meaning that in 2013 the percentage of households with annual incomes above \$75K was 3.5 percentage points *higher* than in 1987. Indeed, the percentage of U.S. households in 2013 with annual real incomes of \$100,000 or more was 22.5, compared to only 17.8 in 1987.

I realize, of course, that you’ll ignore these Census Bureau data because they undermine your efforts to stir up the juvenile envy that you hope will give you and your power-mad colleagues even more political clearance to further raid the paychecks of taxpayers and to override the business decisions of entrepreneurs.

Sincerely,

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and

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\* <http://www.census.gov/hhes/www/income/data/incpovhlth/2013/table3.pdf>

6 March 2015

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

Dear Editor:

Peggy Noonan correctly suggests that the scandals that frequently erupt around Bill and Hillary Clinton likely reflect that couple's genuine corruption, or at least their inexcusably cavalier attitude toward rule-following ("Stuck in Scandal Land," March 6). But Ms. Noonan slips up a bit when she writes that questions about Ms. Clinton's motives for conducting all of her public business on her private e-mail account are, if excusable in this case, "low and embarrassing" and that "[i]t is uncomfortable to ask such questions."

In fact, such questions are low, embarrassing, and uncomfortable to ask only when asked of people who are not in the business of minding other people's business. Yet Bill and Hillary Clinton are politicians - which means that they are hungry for power and that their chosen line of work is to lord it over others. Anyone with enough arrogance, self-importance, and hubris to choose such an odious career deserves few, if any, of the presumptions of decency, scrupulousness, and fair play that are owed to the typical store clerk, appliance repairman, insurance saleswoman, and others who make their livings only by eliciting the voluntary cooperation of their fellows.

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