



## **Comment on the Commentary of the Day**

by

**Donald J. Boudreaux**

**Chairman, Department of Economics**

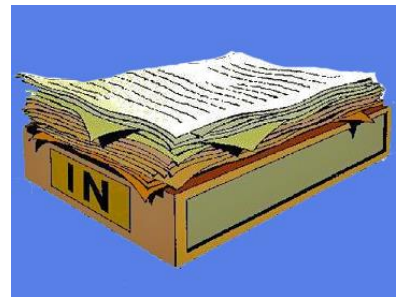
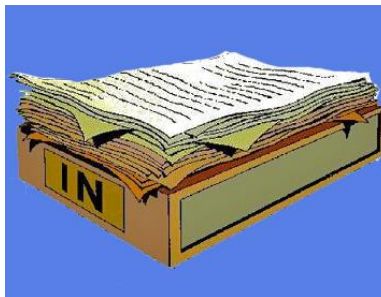
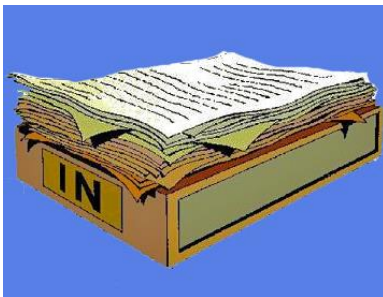
**Martha and Nelson Getchell Chair for Free Market Capitalism**

**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.**

---

29 March 2015

Mr. Glenn Temple

Dear Mr. Temple

Thanks for the link to Ken Blackwell's *Daily Caller* essay on immigration.\*

You correctly guess that I reject his argument. Blackwell supplies no evidence that "the nation as a whole has seen a dramatic depression in wages as we import more and more workers to compete for jobs." As obvious as such a connection between higher immigration and wage depression is to uncritical minds, long historical experience calls this connection into doubt. Consider that in 2015 America's population is 3.2 times larger than it was in 1915 and 39 times larger than it was in 1815. If Blackwell's implicit economic theory is correct, this huge population growth would have pushed Americans' pay lower over these years. Yet surely even Blackwell admits that Americans' real wages have risen enormously over these years of significant population growth - growth to which immigration made a significant contribution.

This growth in real wages occurred, not despite, but largely *because* of population growth. A larger population means a larger workforce. A larger workforce, in turn, means not only that more production occurs, it means also that more creative, entrepreneurial minds are at work. Creative entrepreneurial minds are the main driving force of economic growth. Think Carnegie, Ford, Kroc, and Jobs. In addition, a larger workforce means greater opportunities for specialization. A town with only one physician must settle for a general practitioner; a city with many physicians enjoys the skills of cardiologists, ophthalmologists, neurologists, pediatricians, and podiatrists. And just as medical care improves as its suppliers become more and more specialized, so, too, does the economy as a whole improve as its suppliers become more and more specialized.

If it were true that a government fails its citizens whenever it does not block economic forces that compete with existing workers, then 'successful' governments would block not only immigrants and imports; it would also block technology as well as criminalize entrepreneurship and consumers who change their buying patterns. Such a government, intent on protecting existing workers from competitive pressures, would shutter most schools and cage or execute all those who dare to build better

mousetraps. Because Blackwell likely does not support such policies, he should reconsider the faulty economics that undergirds his objection to immigration.

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

\* <http://dailycaller.com/2015/03/27/obamas-immigration-legacy-lower-wages-and-less-security-for-americans/snt-understand-the-first-thing-about-price-of-labor/>

3 April 2015

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

Dear Editor:

Cherry-picking evidence on the effects of minimum-wage legislation - evidence that is suspect because it generally fails to consider long-term consequences - Paul Krugman writes that “[r]aising the minimum wage makes jobs better; it doesn’t seem to make them scarcer” (“Power and Paychecks,” April 3).

Well, now. Just yesterday KING 5 News in Seattle reported that, in light of that city’s recent hike in the minimum wage, not only are some restaurants there “considering hiring fewer servers and using tablets for customers to place orders at tables,” but also that some minimum-wage employees will lose up to three weeks annually of vacation time.\*

It’s understandable that college sophomores, politicians, ‘community activists,’ and other economically untutored people fall for the superstition that employers’ one and only reaction to being forcibly required to pay low-skilled workers higher wages is to pay the higher wages without attempting in other ways to minimize the cost-increasing consequences of such a requirement. It’s appalling, however, that a Nobel laureate economist spills ink in one of America’s premier newspapers feeding this absurd superstition.

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

\* <http://www.king5.com/story/news/local/seattle/2015/04/02/reduced-vacations-minimum-wage-increase/70820788/>

4 April 2015

Mr. Tom O'Brien

Dear Mr. O'Brien

Thanks for your e-mail. For reasons too numerous to summarize in a single response that respects your time, I reject the argument that immigration should be restricted until and unless the welfare state is ended. So I content myself here to mention just one such reason: those who would use the existence of a U.S. welfare state to deny migration into America look only at potential costs; they ignore the huge potential benefits that are created by those many immigrants who come here to work and create.

Here are questions for your anti-immigrant friend who believes that the welfare state demands restrictions on immigration: Do you also believe that the existence of *corporate* welfare demands restrictions on corporate chartering and business start-ups? Given the habit of Uncle Sam and state governments to annually dole out hundreds of billions of dollars of taxpayer money to lazy, privilege-seeking corporations,\* oughtn't we restrict *business* creation until and unless such corporate welfare is ended?

If your friend balks at using corporate welfare to justify government restrictions on business creation, then your friend likely - and rightly - intuits that the benefits of unrestricted business creation outweigh the costs of some portion of those new businesses becoming corporate-welfare recipients. So press your friend by asking him why he thinks it "plain and obvious" that government welfare payments to individuals justify government restrictions on immigration if he does not believe that corporate welfare justifies government restrictions on new-business creation.

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

P.S. You can find at my and Russ Robert's blog, [www.cafehayek.com](http://www.cafehayek.com), a longer summary of my reasons for rejecting your friend's argument. For example: <http://cafehayek.com/2014/06/milton-friedman-and-immigration-again.html>

6 April 2015

Mr. Chap Oxley

Dear Mr. Oxley

Thanks for your e-mail. I don't share your worry that "land's natural fixed supply" means that population growth poses a "grave hazard."

While I agree that efforts to create land out of water-covered areas won't yield much extra land, I disagree that land is fixed in supply. It is *not* fixed, at least not economically.

Most obviously, skyscrapers and other multi-storied buildings increase land's economic capacity. On the mere two acres of land occupied by the Empire State Building, the number of people who work simultaneously is upwards of 3,400\* - roughly 100 times the number of people who could work on only the surface of those two acres of Manhattan.

Land's economic capacity expands also in other, less obvious ways. The same acre of land that in 1950 annually yielded 25 bushels of wheat has, *economically*, become two acres of land by today annually yielding 50 bushels. So the creation and improvements of tractors and other farm machines increase the supply of land. Likewise with the creation and improvements of fertilizers, pesticides, and genetically modified seeds and livestock.

Yet another innovation that effectively increases the supply of land is refrigeration: by preserving food longer, refrigeration turns any given physical yield from land into an increased economic yield - which is economically identical to increasing the physical amount of land. Ditto for transportation improvements that get food to consumers faster (and, hence, fresher) and with less damage and loss.

One more example: modern computers. By keeping the demand for paper lower than otherwise, computers increase the supply of land relative to the demand for pulp-yielding trees. And by enabling people to meet by teleconferencing, the amount of land devoted to supplying surface transportation effectively grows relative to the demand for

land used for surface transportation. (Of course, the supply of land is also increased by affordable air travel.)

The economic supply of land, like that of any other resources you can name, is not a physical phenomenon. As long as people are free and inspired to innovate - and as long as input and output prices are free to adjust to changes in supply and demand - the *economic* supplies of even the most 'fixed' and 'nonrenewable' resources will expand.

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

\* <http://history1900s.about.com/od/1930s/a/empirefacts.htm>

