

Comment on the Commentary of the Day

by

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21 April 2015

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

Dear Editor:

Warning that modern labor-saving technology is making humans expendable, Zeynep Tufekci writes that "[o]ptimists insist that we've been here before, during the Industrial Revolution, when machinery replaced manual labor, and all we need is a little more education and better skills. But that is not a sufficient answer. One historical example is no guarantee of future events, and we won't be able to compete by trying to stay one step ahead in a losing battle" ("The Machines are Coming," April 19).

Ms. Tufekci is mistaken to insist that the Industrial Revolution is the lone historical example of humans having had to adjust to labor-saving technology. As the economic historian Deirdre McCloskey notes, while the introduction of such technological improvements has greatly accelerated since the Industrial Revolution, these have occurred throughout all of human history.

Examples of labor-saving technology that were created before the Industrial Revolution include the wheel, the lever, the pulley, the bucket, the barrel, the knife, the domesticated ox and horse, the fishing net, and moveable type. Examples of such technology created after that revolution are even more numerous; they include the harnessing of electricity, the internal-combustion engine, the assembly line, chemical fertilizers and pesticides, refrigeration, and, of course, today's many IT marvels. Yet history knows no example of the introduction of labor-saving technology that caused permanent and widespread increases in involuntary human idleness. And at least since the dawn of the Industrial Revolution, all advances in such technology in market economies have been followed by improvements in the living standards of the masses including (contrary to Ms. Tufekci's suggestion) those advances introduced during the past few decades.

Sincerely, Donald J. Boudreaux Professor of Economics and
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26 April 2015

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

Dear Editor:

The caption to a photo accompanying Greg Mankiw's superb essay on the benefits of free trade reads "The 18th-century economist Adam Smith wrote that nations can benefit as much from imports as from exports, turning the conventional wisdom on its head" ("Economists Actually Agree on This: The Wisdom of Free Trade," April 26).

I'm sure that Mr. Mankiw did not write this caption.

While Adam Smith did indeed turn conventional wisdom on its head, he emphatically did not write that nations can benefit as much from imports as from exports. Instead, he countered the conventional wisdom by showing that nations benefit *only* from imports. Smith understood correctly that exports are no benefit at all; they are only a cost. Exports are the price paid for imports. To write that "nations can benefit as much from imports as from exports" is akin to writing that households can benefit as much from the groceries they receive from supermarkets as from their spending the money necessary to buy those groceries. Like Mr. Mankiw, Adam Smith would never write such nonsense.

Sincerely,
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Editor, Boston Globe

Dear Editor:

Jeff Jacoby rightly condemns Massachusetts Attorney General Maura Healey's ominous "fact-finding mission" into the rise of the price of the wonder drug Naloxone, which is used to treat heroin overdoses ("Politicians, 'profiteers,' and public health," April 26). As Mr. Jacoby points out, there's nothing at all mysterious or nefarious about the price of a product rising when demand for that product rises. Prices are *supposed* to rise as demand rises.

Therefore, given the recent surge in heroin use - and, hence, the resulting increase in demand for Naloxone - Ms. Healey's investigation into the causes of the current rise in Massachusetts of the price of Naxolone is as scientifically sensible as would be, given the recent rise in the sun's arc in the northern hemisphere, an investigation into the causes of the current rise in Massachusetts of the average daily temperature.

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27 April 2015

Mr. John Oliver, Host Last Week Tonight

Dear Mr. Oliver:

You elicited lots of laughs while criticizing Wal-Mart and other retailers for selling clothes made in low-wage sweatshops. It's true that pay and work conditions in third-world factories are awful compared to pay and work conditions in first-world workplaces. Yet not once while galloping on your moral high-horse did you pause to ask what are the third-world workers' alternatives to the factory toil that you self-righteously denounce. Does it not occur to you that the reason workers choose to work in such conditions is that those conditions are better than all available alternatives? Do you not realize that putting an end to such sweatshop work would condemn most of those workers - adults and children - to even lower pay and to even worse work conditions?

Of course, because I'm a free-market economist you'd expect me to make such claims -

another example of which is this: "The wages of those [sweatshop] workers are shockingly low but nonetheless represent a vast improvement on their previous, less visible rural poverty."*

And this: "While fat-cat capitalists might benefit from globalization, the biggest beneficiaries are, yes, Third World workers. After all, global poverty is not something recently invented for the benefit of multinational corporations.... Workers in those shirt and sneaker factories are, inevitably, paid very little and expected to endure terrible working conditions. I say 'inevitably' because their employers are not in business for their (or their workers') health; they pay as little as possible, and that minimum is determined by the other opportunities available to workers. And these are still extremely poor countries, where living on a garbage heap is attractive compared with the alternatives."**

And this: "Yet sweatshops are only a symptom of poverty, not a cause, and banning them closes off one route out of poverty. At a time of tremendous economic distress and protectionist pressures, there's a special danger that tighter labor standards will be used as an excuse to curb trade. When I defend sweatshops, people always ask me: But would you want to work in a sweatshop? No, of course not. But I would want even less to pull a rickshaw. In the hierarchy of jobs in poor countries, sweltering at a sewing machine isn't the bottom."***

These quotations, by the way, are from those infamous corporate-apologist knee-jerk free-market libertarian Rush Limbaugh-loving ideologue devotees of Milton Friedman and Ayn Rand: Paul Krugman and Nicholas Kristof, two columnists for that stridently conservative pro-corporate and anti-worker rag, the *New York Times*.

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- * Paul Krugman, "We Are Not the World," *New York Times*, Feb. 13, 1997: http://www.nytimes.com/1997/02/13/opinion/we-are-not-the-world.html
- ** Paul Krugman, "In Praise of Cheap Labor," *Slate*, March 1997: http://www.slate.com/articles/business/the_dismal_science/1997/03/in_praise_of_cheap_labor.html
- *** Nicholas Kristof, "Where Sweatshops Are a Dream," *New York Times*, January 14, 2009:

http://www.nvtimes.com/2009/01/15/opinion/15kristof.html? r=0

28 April 2015

Mr. Aaron the Aaron

Dear Mr. the Aaron:

You accuse me, in my letter to John Oliver, of "missing the point of objections to Wal-Mart sourcing supplies from sweatshops." You say that the point has "nothing to do with alternatives open to poor workers and everything to do with Wal-Mart's refusal to pay better even though that multinational mega corporation is able to afford to pay its desperate workers better."

Put aside the very real question of whether or not Wal-Mart, as a company, can afford to pay these third-world workers more. (Retailing is among the most competitive industries on earth, with razor-thin profit margins.) Focus instead on the larger picture. By your own admission, work in the factories that supply goods to Wal-Mart is better for these workers than are these workers' alternatives. Yet despite the fact that Wal-Mart is already helping to improve these workers' lives, you are angry because that company isn't doing even more to help them.

So I ask: how much are *you* directly doing to help these workers? Are you regularly sending, say, ten percent of your take-home pay to some of these workers? Have you cashed in some of your stocks to ship the proceeds to third-world workers? If you own a house or a pension fund, have you taken out loans against it in order to help these workers? If you do none of these (or similar) things, you have no business condemning Wal-Mart, who at least does *something* to improve these poor workers' lives.

Please don't tell me that you, unlike Wal-Mart, can't afford to help these workers. Of course you can; you're an American. If you help these workers - say, to the tune of ten percent of your annual take-home pay - the resulting reduction in your standard of living will still leave you enjoying a quality of life that to third-world workers is unimaginably luxurious.

So if you wish to moralize about greedy Americans refusing to give more of their wealth to people in poor countries, target your vitriol first at yourself and others like you, who spend *nothing* of significance to help third-world workers, before criticizing Wal-Mart and other businesses that at least spend *something* on this front.

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