



## Comment on the Commentary of the Day

by

Donald J. Boudreaux

Professor, Department of Economics

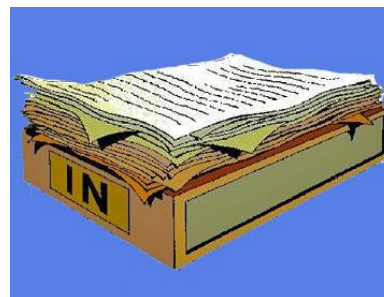
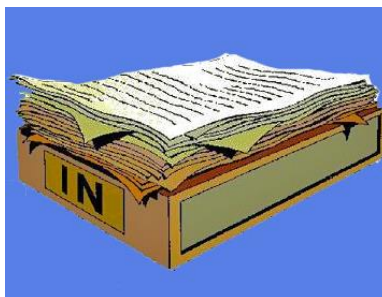
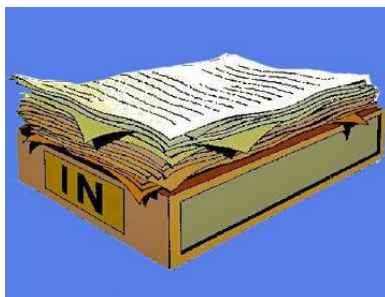
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**Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet, 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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9 January 2016

Mr. Rob Sawyer

Dear Mr. Sawyer:

You think me to be “unrealistic” for “denying what Donald Trump” and many other politicians and pundits insist is “the ruination of our great country and economy by Chinese currency manipulators.”

I think *you* to be unrealistic for pronouncing on this matter with what you proudly describe as your “aversion to academic economics.” Here’s a link to a short essay that I wrote six years ago to explain why Americans have no reason to fear any foreign-government’s currency manipulation. Please write back - if you can endure writing again to an “academic with his head up his a\_\_” - to inform me where the logic of my argument fails.

<http://fee.org/freeman/on-trade-and-currency-manipulation/>

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://cafehayek.com/2016/01/slaughtering-the-myth-of-chinese-currency-manipulation.html>

12 January 2016

Editor, *Wall Street Journal*

Dear Editor:

The media rightly ridicule the bigotry and ignorance of the Republican voters who are responsible for Donald Trump's buoyancy in the polls. But your report today on Hillary Clinton's proposed 4% "surcharge" on millionaires reveals that Democratic voters are also infested with a mix of bigotry and ignorance that, although different in detail from that of the Republicans, is no less uncivilized and dangerous ("Hillary Clinton Proposes 4% Income-Tax Surcharge for Wealthy Americans," Jan. 12).

While many GOP voters today mindlessly heap lots of blame on immigrants and foreigners for America's woes, many Dem voters today mindlessly heap lots of blame on "the rich." While many GOP voters ignorantly suppose that transferring jobs from immigrants and foreign workers to Americans is a sure-fire way to make ordinary Americans more prosperous, many Dem voters suppose that transferring incomes from "the rich" is a sure-fire way to make ordinary Americans more prosperous. And while many GOP voters stupidly believe that immigrants and foreigners are natural and implacable enemies of the common good - enemies who prey upon us only because Uncle Sam has been too tolerant of evil in our midst - many Dem voters stupidly believe that "the rich" are natural and implacable enemies of the common good - enemies who prey upon us only because Uncle Sam has been too tolerant of evil in our midst.

The fact is, the success of both Donald Trump and Bernie Sanders testifies unmistakably that the ranks and files of both major parties are now filled with far too many simpletons who not only are utterly ignorant of the ways that economies and governments work, but also are in equal parts mindless, bigoted, and uncivilized. They are, in short, dupes for power-mad despots-in-waiting.

Sincerely,

Donald J. Boudreaux

Professor of Economics

and

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Mercatus Center

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14 January 2016

Ms. Caroline Fielder

Dear Ms. Fielder:

Quoting the e-mail you sent to me in response to my new video on the dangers of the minimum wage: "I heard that economists with George Mason privilege the rich and are enemies of poor and dispossessed people. But I did not know just how much you hate the poor until I saw your horrible video."

I've only two things to say in reply. First, if you believe that I and my colleagues "privilege the rich and are enemies of the poor," you obviously aren't familiar with my or my colleagues' work (despite your having "heard" about it). Second, please consider that people can disagree over the efficacy of means without disagreeing over the desirability of ends. I share what I presume to be your wish that the poorest workers amongst us be paid more, but I do not share your faith that a government declaration that they be paid more will achieve this end. I believe that it will in fact have the opposite effect for many workers.

Were I to treat you as you as you uncharitably treat me, I would ask why *you*, through your support for the minimum wage, wish to "privilege the rich" by increasing the poorest people's difficulties of finding and keeping jobs. Why do *you* willingly join the "enemies of poor and dispossessed people" with your applause for legislation that strips these people of the ability to bargain for employment by offering to work at wages below the government-set minimum? Why do *you* "despise" the "humanitarians in our midst" who call for an end to this legislation that inflicts such pain on the poor? Why do *you* "long to see poor people kept poor" and without economic opportunity?

In fact, though, I have no reason to question the sincerity of your wish that poor people be made better off. And you, please note, have no reason to question the sincerity of my wish for the very same.

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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Fairfax, VA 22030

\* <http://cafehayek.com/2016/01/the-cruelty-of-the-minimum-wage.html>

15 January 2016

Ms. Caroline Fielder

Dear Ms. Fielder:

In your follow-up e-mail you say that “the strongest reason” to raise the minimum wage is that it will “lift spending.... [I]t's self-sustaining by giving employers more business.” For support you cite Robert Reich.

You get Reich right, but you and he get the economics wrong. In a follow-up e-mail I'll send you links to some essays that explain the flaws in this theory. But for now let's look at some numbers. A couple of years ago the Congressional Budget Office predicted that a hike in the minimum wage to \$10.10 per hour would affect 17 million workers.\* Assuming that all 17 million of these workers get a raise, how much additional spending would result? Answer: Not much.

Even if we make assumptions unreasonably generous to the case for greater spending - such as that all of the extra money paid to minimum-wage workers would have been hoarded as cash by employers or consumers in the absence of a wage hike; that all workers who get a raise will have their hourly wages rise to \$10.10 from \$7.25 rather than from some wages in between \$7.25 and \$10.10; that minimum-wage workers spend every cent of their higher incomes; that the higher minimum wage causes no reduction in the number of hours worked by minimum-wage workers or in the value of their fringe benefits; that all workers who get a raise work 40 hours weekly, 52 weeks annually; etc. - we find, using the CBO's estimate of the number of workers affected, that the annual increase in spending would be \$100.8 billion. That's about one half of one percent of U.S. GDP. It's insignificant. It's a rounding error. It's an increase in spending far too small to give you any reason to suppose that it will pay for itself by so boosting employers' demand for low-skilled workers that the CBO is proven wrong in its estimate that 500,000 of those 17 million workers will in fact be rendered unemployable by a minimum wage of \$10.10 per hour.

True, you can conjure up a sizeable potential increase in spending with an even larger hike in the minimum wage - say, to \$15 - and assert that the resulting greater spending will ensure that there will be no resulting unemployment. But if significantly more spending is sufficient to keep all workers employed at higher wages, why generate this spending in the roundabout and rather uncertain way of hiking the minimum wage? Why not instead use helicopters to dump one or two trillion dollars of cash onto the economy, or onto low-income neighborhoods, and watch the economy, employment, and wages boom as a result? Do you really believe that lasting prosperity can be created by such simplistic means?

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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George Mason University  
Fairfax, VA 22030

\* <http://www.cbo.gov/sites/default/files/cbofiles/attachments/44995-MinimumWage.pdf>

15 January 2016

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\* <http://www.cbo.gov/sites/default/files/cbofiles/attachments/44995-MinimumWage.pdf>

