



Comment on the Commentary of the Day

by

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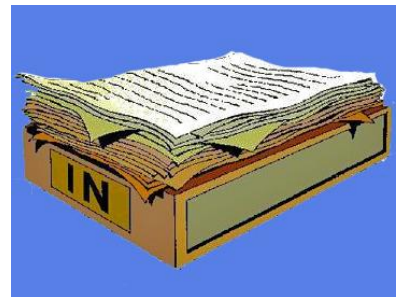
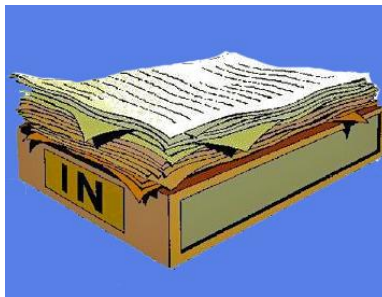
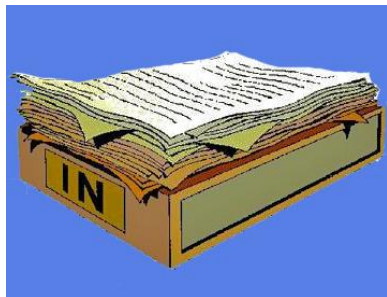
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Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet,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

29 March 2013

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

Dear Editor:

New Yorkers must be a very odd bunch indeed. Mandated higher costs of acquiring some things in Gotham - such as sugary drinks and cigarettes - will cause that city's residents to cut back on their use of these things. That's why the city's government wants to ban the sales of sugary drinks in large containers and to keep cigarettes hidden from view in retail stores.

But mandated higher costs of acquiring other things in Gotham - such as hired labor - will have no such effect. This assumed reality is why City Hall will force many firms operating in New York City to give their employees paid sick leave ("Deal Reached to Force Paid Sick Leave in New York City," March 29). Most members of the City Council reject the idea that employers respond in the same way to higher costs of employing workers as consumers respond to higher costs of getting Big Gulps.

But New Yorkers apparently are all alike in one way: all are too stupid to make their own economic choices. As consumers, New Yorkers are too stupid not to consume what their leaders know New Yorkers don't want to consume. As employees, New Yorkers are too stupid to seek employment terms that their leaders know New Yorkers want to work under. And as employers, New Yorkers are too stupid to compete for workers by offering employment terms that their leaders know New Yorkers want to work under.

All of which raises this question: how were New Yorkers wise enough to elect the geniuses who rule them?

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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30 March 2013

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

Dear Editor:

Pointing out that the percentage of Obama-era government-subsidized firms still in operation is greater than the percentage of venture-capital-financed firms still in operation, Concerned Scientist David Friedman unscientifically concludes that government subsidies to private businesses are economically justified (Letters, March 30).

Overlook the fact that meaningful comparisons of the worthiness of politically directed financing with private financing must account not only for relative rates of success but also for the magnitude of successful firms' profits (earned in market competition) as well as for the magnitude of unsuccessful firms' losses (incurred in market competition). How many Standard Oils, Proctor & Gambles, Microsofts, or Apples does Uncle Sam have to his credit?

Focus instead on the reality that, because the very point of subsidies is to shield recipient firms from market forces, firms that receive government subsidies SHOULD be more immune than are non-subsidized firms to competitive market pressures.

The wonder is not that many subsidized firms are enabled by their grants of taxpayer funds to continue operating; the wonder instead is that a number of such firms – despite their special privileges – nevertheless cannot make a go of it.

Sincerely,
Donald J. Boudreaux
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and
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1 April 2013

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

Dear Editor:

Lawrence Zelenak wants us to "celebrate" the annual ritual of reporting to the government the intimate details of how much money we earn and how we go about earning it ("When We Loved Form 1040," April 1). According to Prof. Zelenak, "the filing of Form 1040 draws our attention to our duties as citizens in a way that no other levy, including a national sales tax, could."

Overlook the dubious presumptions that constitute Prof. Zelenak's understanding of government - an understanding that rises no higher than the offering in a typical 1950s high-school civics text. Focus instead on Prof. Zelenak's applause for tax withholding. This applause is at odds with his larger point.

If spending time and effort connecting with tax collectors helpfully "draws our attention to our duties as citizens," then tax withholding short-circuits that attention. So why not eliminate withholding and oblige each income earner to pay every cent of his or her tax bill by writing personal checks to the IRS? Not only would elimination of withholding make us even more attentive to our "duties as citizens," we would also - as any behavioral economist would point out - gain a truer and more fully felt sense of the price we pay for Uncle Sam's splendors.

Sincerely,

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and

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4 April 2013

Editor, The Baltimore Sun

Dear Editor:

Export-Import Bank President Fred Hochberg proclaims that "It is our job at Ex-Im to level the playing field. If we let our charter expire, it will amount to unilateral disarmament and nothing would please the other 59 export credit agencies around the world more" ("U.S. Ex-Im chief defends bank as critics take aim," April 4).

Translation: "It is our job at Ex-Im to unjustifiably bankroll our crony capitalists every bit as fully as other governments unjustifiably bankroll theirs. If we let our charter expire, it will amount to unilateral refusal to warp our economy and nothing would please the hundreds of millions of consumers and taxpayers in America more. But who cares about them, given their ignorance of the fact that they are being fleeced?"

Sincerely,
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5 April 2013

Rep. John Dingell (D-MI)
Capitol Hill
Washington, DC

Dear Mr. Dingell:

You and some of your Congressional colleagues, in a March 12th letter, urge Pres. Obama "to address currency manipulation in the Trans-Pacific Partnership agreement." You claim that such manipulation reduces employment in America.

Please reconsider.

First, if - as every serious economist understands - genuine efficiency gains by foreign exporters increase Americans' wealth without reducing the net number of jobs in America, then government-induced efficiency gains for foreign exporters have the very same effect for Americans. In both cases, we get valuable goods and services at lower costs while some of our labor and capital are released to produce outputs that would otherwise be too costly to supply. The ability of the U.S. market to create jobs is just as strong for workers who lose their jobs because of "unfair" trade practices as it is for workers who lose their jobs because of trade practices that are irrefutably legitimate.

Second, the foreign trade practices that you condemn either do or do not improve the overall economic health of the countries whose governments implement these practices. If these practices DO improve those countries' economic health, then they are not "unfair" by any appropriate standard. Such practices are no more worthy of condemnation and retaliation than are, say, Uncle Sam's own NSF grants, education subsidies, highway-building projects, and the like - all of which, I'm sure, you regard as legitimate means used by Uncle Sam to strengthen the American economy.

Only if these foreign practices weaken those countries' overall economies does economic theory permit them to be labeled "unfair" - labeled as practices that bestow special, concentrated privileges at the net expense of the larger economy. But in all such cases the bulk of the harm of such practices falls on the countries that practice them. Producers in those countries become less innovative and more heavily burdened

with unwarranted tax and regulatory costs. Overall, firms in those countries become artificially less - not better - able to compete for customers in American and global markets.

I urge you not to be misled by antiquated mercantilist slogans and notions into demanding - as a means of unfairly protecting American producers - higher taxes on American consumers who buy the imports of their choice.

Sincerely,

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