

Checking *Nonsense* in the News

ECONOMICS IN 18 SHORT LETTERS TO THE EDITOR

By Donald J. Boudreaux

As readers of the blog Cafe Hayek know well, Don Boudreaux knows how to write a pithy letter to the editor. Don's letters provide both a measure of what's wrong with economic reporting today, and a source of eminent common sense. Following is a selection of the letters he has written to various news outlets over the past year. —Ed.

PLANNING DOESN'T WORK—STILL!

Here's the scariest line I've read in ages: "The era of laissez-faire happiness might be coming to an end. Some prominent economists and psychologists are looking into ways to measure happiness to draw it into the public policy realm" ("All They Are Saying Is Give Happiness a Chance," November 12).

Several decades ago, many economists—enamored of their increasing ability to describe statistically existing patterns of production—fancied that a new age was dawning in which government would improve the

lot of ordinary people by substituting its own production and distribution "plans" for the results of the market. These fancies proved to be dangerous fantasies. We would all be much better off—happier, even!—if this new generation of planners are laughed out of the public arena before their power grows to be as large as their gargantuan arrogance.

—Sent November 12, 2007, to the New York Times

CLEANED BY CAPITALISM

You again call upon government to force us Americans to reduce our emissions of CO² ("Green and right," November 2). And like nearly everyone else demanding further regulation of markets in the name of environmental protection, you overlook the fact that the very markets that you want to restrain save millions of lives annually by making people's living environments cleaner.

For evidence, read Margo Thorning's

essay that appears today just inches from your own editorial. In “Ending energy poverty,” Ms. Thorning reports that “About 1.3 million people—mostly women and children—die prematurely every year because of exposure to indoor air pollution from burning biomass for fuel.” These deaths happen routinely in developing countries because people there have so little access to electrification, internal-combustion engines, and mass-produced consumer goods that they must burn biomass in their homes. So in developed countries—whose denizens enjoy ready access to electric heating, home delivery of fuel oil, and other life-saving wonders—the capitalism that people loudly fear might raise global temperatures a few degrees over the next several decades silently yet effectively saves thousands of lives each and every day.

—*Sent November 2, 2007, to the Baltimore Sun*

ALTERNATIVE MINIMUM TAX: JUST FIX IT

There’s widespread agreement that the alternative minimum tax—because it is not indexed to inflation—is mistakenly raising the taxes of millions of Americans (“House Democrats Propose Tax Overhaul,” October 25). Happily, there’s also widespread agreement that this mistake should be corrected.

So, given that the current operation of the AMT is a mistake, why do Rep. Charles Rangel and so many others talk of the need to “pay for” fixing the AMT? A merchant who mistakenly overcharges customers is obliged to refund the money and stop overcharging, period. This obligation kicks in whether or not the merchant devises some way of replacing the revenue that he loses by correcting his mistake.

—*Sent October 26, 2007, to the New York Times*

PLENTY OF TAXING AND SPENDING GOING ON

Forget that Uncle Sam today rakes in tax revenues that are, in inflation-adjusted dollars, 25 percent larger than those that he took in 2001—thus making a mockery of your claim that Washington’s tax take today is “meager” (“The Dearth of Taxes,” October 22). And forget that the *Wall Street Journal* today reports that Congress has increased corporate welfare for the current fiscal year by nearly ten percent, to \$100 billion.

When pleading for higher taxes, at least keep your story straight. In your editorial you simultaneously blame government’s alleged lack of funds for bringing many U.S. corporations “to the brink” AND you dismiss the recent growth in tax revenues as being due to “spectacular increase in corporate profits.” Such inconsistency taxes your readers’ credulity.

—*Sent October 23, 2007, to the New York Times*

EXPORTS ARE COSTS; IMPORTS ARE BENEFITS

You’re correct that free trade likely would create more opportunities for workers in Illinois to produce goods for export (“How free trade boosts Illinois,” Editorial, Aug. 25). Never forget, though, that the ultimate benefit of trade lies not in what people must sacrifice—not in the creation of opportunities to produce output for others—but in the greater quantity, quality and variety of goods and services that free trade makes possible for ordinary people to consume. Free trade’s bountiful harvest is not its exports; it is its imports.

—*Published September 2, 2007, by the Chicago Tribune*

IMPORTS ARE THE POINT OF TRADE

Peter Navarro’s Aug. 13 letter to the editor accuses the 1,000-plus economists (including





yours truly) who signed the petition opposing trade sanctions against China of overlooking Beijing's beggar-thy-neighbor policies. Not so. Save for the counterfeiting of Western goods, every offense that Mr. Navarro accuses China of committing against Americans *benefits* Americans. If Beijing truly is, for example, subsidizing Chinese producers, the resulting lower prices are a gain to American consumers no less than if the lower prices stemmed from a technological breakthrough in China.

By failing to see that imports, rather than exports, are the ultimate goal of trade, it is Mr. Navarro who spreads beggar-thy-neighbor fallacies.

—Published August 21, 2007, by the Wall Street Journal

GOVERNMENT CAN'T MUTE COMPETITION

Reviewer Daniel Gross should have asked harder questions about Robert Frank's argument that higher taxes on "the rich" will moderate individuals' quest for status ("Thy Neighbor's Stash," August 5). Monetary wealth and the material goodies it buys are hardly the only source of status. Consider, for example, Prof. Frank's faculty position at Cornell University. He earned this position in large part through his hard work. By his own thesis, then, he inadvertently caused other scholars to work unnecessarily hard in their quest to win high status Ivy-League appointments—a quest that for the vast majority of us is futile.

Higher taxes on the rich will do nothing to create more Ivy League faculty positions, more mansions with stunning views of the Pacific ocean, a greater number of the world's most beautiful women or most eligible bachelors, or most of the other things that confer and signal high status for those who possess them. Frankly, it is naive to suppose that muting competition in markets will mute humans' competition for status.

—Sent August 17, 2007, to the New York Times Book Review

SUBSIDIES CAN'T MAKE PEOPLE RESPONSIBLE

With the creativity of a drunk sailor, Mayor Bloomberg proposes that poor people be paid to care for themselves—given cash rewards to do things such as stay in school, go to the dentist, and hold steady jobs ("... And Paying the Poor," June 20).

Your criticisms of his plan are on target.

I ask the Mayor if in running his private business he would seriously consider hiring anyone so unmindful of his or her future that that person would go through the motions of self-responsibility only if bribed to do so? Surely the answer is no.

Paying someone to play-act at self-responsibility no more creates a self-responsible person than paying someone to play-act as a lawyer creates a skilled attorney.

—Sent June 20, 2007, to the New York Post



ECONOMIC GROWTH REQUIRES CHANGE

The moral of your report on the decline of family weavers in India is that globalization and modernization are suspect because they eliminate many ancient, home-based occupations (“An Ancient Indian Craft Left in Tatters,” June 6). And your quotations from out-of-work sari weavers are indeed moving.

Nowhere in this report, however, do you interview those Indians who now can buy machine-made saris at lower prices—thus improving their standard of living by enabling them to purchase other goods whose production creates new jobs for many Indians who would otherwise remain mired in poverty. Yes, India has a long way to go. But the notion that most Indians’ lives would be better if that economy were frozen in its past ways is foolish.

—Sent June 2007 to the Washington Post

JOBS IN A MARKET ECONOMY AREN’T FIXED

Dale Powers argues that the hiring of foreign skilled workers “wastes” the brainpower of Americans (“Don’t waste U.S. brainpower by hiring foreign workers for coveted jobs,” June 4). Mr. Powers’ brainpower as an aerospace engineer might be awesome, but it’s weak in economics.

The number and kinds of jobs in a market economy aren’t fixed. They expand and change as entrepreneurs seek to use all available talent as productively as possible. Consider the microchip—which, after all, is a substitute for lots of human brainpower. If Mr. Powers’ argument were correct, the advent of this device would have cast millions of smart, educated Americans into low-skilled jobs. Instead, of course, the microchip has created for talented Americans countless high-wage jobs whose existence was inconceivable thirty years ago.

—Sent June 4, 2007, to USA Today

INVESTMENT IS INVESTMENT

Economic growth requires market-driven investment, and investment requires savings. So the editorial “The GDP” (Editorial, Saturday) was right to argue that a fall in Americans’ savings rate threatens to reduce the U.S. economy’s growth rate.

But why do you often lament the U.S. trade deficit? The larger is this deficit, the greater are the amounts that foreigners invest in America. And the more that foreigners invest in America, the higher is the U.S. economy’s growth rate. Research and development in the United States funded with dollars from South Korea is just as productive as the same R&D would be were it funded with dollars from South Carolina.

If Americans truly are saving virtually nothing, we should be especially pleased that foreigners so willingly save and invest on our shores.

—Published May 7, 2007, by the Washington Times

IF RENTS CAN BE CREATED, THEY WILL BE SOUGHT

Drummond Drew writes that “We need to find a way to get money out of politics” (Letters, April 26). He mistakenly supposes that carts push horses. Money is in politics only because politicians confiscate and control so much of our money.

The only way to free politics from the influence of money is to free our money from the influence of politics.

—Sent April 26, 2007, to USA Today

REAPING REWARDS FROM HUMAN CAPITAL

Today you insinuated that oil retailers who sell a particular inventory of gasoline at a price higher than they expected to receive when they first purchased that inventory are misbehaving. You’re mistaken.



You attended Fordham University in the 1950s, investing in yourself in the hopes of earning a good living. Surely your real income today is much higher than you, when you were in college, expected it to be. Are you misbehaving by accepting from CBS a salary that is higher than you once anticipated? Of course not. But just as it is legitimate for you to reap benefits from increases in the market value of the asset that you invested in (namely, yourself), it is legitimate for oil companies to reap benefits from increases in the market value of whatever assets they invest in.

—Sent April 23, 2007, to Charles Osgood

NOTHING FAIR ABOUT PROTECTING SOME FROM COMPETITION

Sen. Charles Schumer and Rep. Jim McDermott want trade agreements that are “fair” (Letters, March 21)—by which they mean trade agreements that protect American workers from having to compete very hard against foreign workers.

I wonder if Messrs. Schumer and McDermott regard Xerox, IBM, Apple, Dell, and Hewlett-Packard to have been “unfair” traders. By making copiers, personal computers, and desktop printers so incredibly inexpensive, these firms destroyed countless jobs for office-pool typists. An American worker simply cannot compete with these machines. Would we have been well served had government restricted our ability to purchase these machines? If not, why suppose that we will be well served if government restricts our ability to purchase goods and services produced by workers whose wages are now lower than ours?

—Sent March 21, 2007, to the New York Times

“WOMEN’S WORK” COUNTS, TOO

In his generally admirable essay on income inequality, Andrew Hacker discounts the significance of the 23 percent rise in median

family incomes between 1982 and 2004 by saying that “this growth was almost entirely the result of the presence of additional earners, with more wives turning to full-time work” (“The Rich and Everyone Else, May 25, 2006).

True. But to the extent that women were released from housework by the greater availability of electrical appliances and better prepared foods, these gains in median household earnings represent real improvements for ordinary Americans. After all, housework—although uncompensated—has genuine and considerable value. Because much of the housework that in the past was done by “non-working” women is now done by appliances, supermarkets, and the like, the typical American household today still receives the value of housework *plus* the additional income women earn by working outside of the home.

—Sent February 20, 2007, to the New York Review of Books

ADDICTED TO SPENDING

Even if Sebastian Mallaby is right that government programs—such as efforts to retrain workers—are justified as the price to pay to weaken political resistance to freer trade, he’s wrong to argue that these programs must be funded by higher taxes (“Matching Free Trade With Taxes,” Feb. 19).

Uncle Sam today takes from Americans’ pockets more than \$2.5 trillion per year. In real dollar terms, this sum is 50 percent higher than what Bill Clinton’s government took during its first year in office and 25 percent higher than what George W. Bush’s government took during its first year. Surely, Uncle Sam already has on hand more than sufficient funds to pay for whatever programs are needed to mute opposition to trade.

—Sent February 19, 2007, to the Washington Post





I MIGHT HAVE ADDED THAT THEY ARE ALSO COWARDS

David Brooks vividly explains that today's politicians, who are often sensible in private, camouflage themselves in public: they routinely endorse policies they really don't believe in ("Private Virtue, Public Vice," column, Feb. 8).

Then he strangely concludes: "In private, we have a decent leadership class. In public, it's rotten."

People who are wise and steadfast only in private—only when they suffer no risks for sticking to their principles—are neither decent nor leaders. They are opportunists, poseurs and rogues.

—Published February 11, 2007, by the New York Times

WHAT GALILEO MUST HAVE FELT

Attempting to discredit free trade, Sen. Byron Dorgan resorts to tired rhetorical tricks (Letters, Jan. 18). For example, he complains about the loss of manufacturing jobs. In fact, though, most of these job losses are due to automation that increases workers' productivity. As economies advance, the loss of manufacturing jobs is no more surprising or regrettable than was our loss over the past few centuries of agricultural jobs or our earlier loss of hunter-gatherer jobs.

Sen. Dorgan calls free-traders "blind." It is much closer to the truth to call protectionists antediluvian.

—Published January 18, 2007, by the Wall Street Journal

WHAT IS SEEN AND WHAT IS NOT SEEN

As you report, Uncle Sam "blames Beijing's currency practices for contributing to the United States' bloated trade deficit with China" ("IMF Chief: Global Economy Threats Easing," Jan. 16). But as my colleague Tyler Cowen explained in his *New York Times* column, a higher valued Chinese yuan would have little, if any, effect on the size of this trade deficit.

The reason is that Chinese manufacturers specialize in assembly: they buy component parts from other Asian countries and then assemble these parts into finished products for export.

By lowering Chinese producers' costs of acquiring key inputs, a higher-valued yuan would reduce their costs of production—and thus do little to raise the prices that American consumers pay for goods made in China.

—Sent January 16, 2007, to the *New York Post*

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