# **Ideas Matter**

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Our friends at <u>ReasonTV</u> have a new video featuring Senator Bernie Sanders (D-VT), who recently beat up on the Smithsonian Institution for selling products made in China. Senator B.S. would have us all spend much more money on trinkets purportedly to "create American jobs." The man on the street footage suggest how deeply embedded this fallacy has become. (An attractive Australian woman from the Cato Institute explains why merchantilism is dumb policy. Very clever indeed. I guess we'll let her stay and take one of our 'merican jobs -- along with <u>Sergey Brin</u> and <u>Pierre Omidyar</u>.)

Like the <u>zero-sum fallacy</u>, the make-work fallacy is a tough one to explain to the man on the street. Of course, if I had my druthers, the Smithsonian Institution would be auctioned off to the highest bidder. So when the lady on the street says "it is our tax dollars", she is not being totally unprincipled. But the basic idea of <u>gains from trade</u> eludes most people. So also does the make-work fallacy... How many times have we heard the allegory of the <u>broken windows</u>? About digging ditches with spoons? Or -- on protectionism -- how many times have we heard someone point out that if such policies are so prosperity-enhancing, perhaps we should buy only products from our own states? What about our own counties? (Great idea! replies the locovores.) Evidently, it's not been enough. We have to repeat and repeat...

Posted by Max Borders on 04/07/2011 at 08:58 AM in <u>Economic Concepts</u>, <u>Education</u>, <u>Gains from Trade</u>, <u>Globalization and Trade</u>, <u>Regulation</u>, <u>Specialization</u> | <u>Permalink</u>

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