



Comment on the Commentary of the Day

by

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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 may require registration or subscription to access if they are. Some of the original articles are syndicated and therefore may have appeared in other publications also.

12 October 2008

News Editor, WTOP Radio

Dear Editor:

During the 2pm hour your anchor interviewed an "expert" who insisted that the cause of today's financial crisis is "deregulation." This gentleman confidently insisted that "only people who are uninformed" disagree with him on this matter.

Well now. Today's edition of the St. Petersburg Times ran a report with this quotation from Columbia University's Charles Calomiris, one of the

world's leading money-and-banking scholars: "the only deregulation in banking of any significance (branching deregulation, and allowing commercial banks to underwrite corporate securities) had nothing to do with the subprime crisis. Said differently, everyone (including commercial banks) who underwrote or bought subprime paper would have been able to do so long before deregulation."

[\[http://www.tampabay.com/news/politics/article848444.ece\]](http://www.tampabay.com/news/politics/article848444.ece)

Your "expert" seems to be uninformed.

12 October 2008

Editor, The New York Times Book Review
229 West 43rd St.
New York, NY 10036

To the Editor:

Douglas Lappi asserts that today's economic turmoil is caused by free markets (Letters, October 12). Because, as all serious observers know, at no time during the past century has laissez faire existed in America, Mr. Lappi must mean something like the following: government's forbearance from completely nationalizing all financial and industrial operations has left some freedom in some markets -

freedom that is the culprit causing today's unrest.

As a matter of logic, this argument cannot be dismissed. But also as a matter of logic, an argument counter to this one cannot be dismissed. Just as today's problems might be caused by market freedoms that exist alongside the many government regulations, so, too, might these problems be caused by the many regulations that exist alongside market freedoms.

Without evidence of how much, if any, of today's meltdown is caused by these market freedoms (rather than by the continuing regulations), assertions such as Mr. Lappi's are nothing more than uninformed and irresponsible outbursts.

11 October 2008

Editor, The New York Times
229 West 43rd St.
New York, NY 10036

To the Editor:

Your headline for some letters today shouts "The G.O.P. Waged Class Warfare, and We All Lost" (October 11). Without defending the indefensible

G.O.P., I note that you leave the mistaken impression that Democrats DON'T wage class warfare.

Fundamental to class warfare is the notion that opportunity and prosperity are fixed in size - that a good job secured by Peter is a good job denied to Paul; that higher income paid to Peggy means lower income paid to Paula. If society truly were zero-sum, fear and loathing of the "haves" by the "have-nots" might make some sense. But American society emphatically is positive-sum: a person who works hard and acts responsibly almost always improves his economic lot, even if (indeed, especially if) the great majority of his fellow citizens do the very same.

Alas, though, it's now central to the creed of Democrats that Jones's poverty is caused by Smith's prosperity - that Jones can be made better off only by giving him the good job now held by Smith, or by forcibly transferring some of Smith's above-average wealth into Jones's below-average bank account.

What is such politics if not class warfare?

11 October 2008

Friends,

Here's a four-minute-long clip from John Stossel's segment on last-night's episode of 20/20 -- the episode featuring my colleague Bryan Caplan.

If you have a deep faith in the marvels of democracy, this clip will disturb you; if you're open-minded on the question, you'll learn much: <http://www.youtube.com/watch?v=hv10lqhCVio>

10 October 2008

Editor, The Wall Street
Journal
200 Liberty Street
New York, NY 10281

To the Editor:

Portraying central banks as necessary to prevent banking crises, John Steele Gordon misreads banking history ("A Short Banking History of the United States," October 10). It's true that between 1836 and 1912 (when the Fed was created) the U.S. had no central bank. It's true also that during those years Americans suffered several banking crises. But the reason had nothing to do with the absence of a central bank and much to do with ill-considered regulations - such as state prohibitions on branch banking, and Uncle Sam's requirement that national banks hold federal-government securities as reserves.

Canada's history is instructive. That country allowed branching; Canadian banks could issue currency free of regulations common in the U.S.; and, significantly, that country had no central bank until 1935. A happy result of this system of free banking is described by

one of the world's preeminent banking historians, George Selgin: "it allowed Canada to avoid the bewildering assortment of bank notes, recurring currency shortages, and waves of bank failures that beset the United States." [George Selgin, "Milton Friedman and the Case against Currency Monopoly," Cato Journal, Spring/Summer 2008; quotation from page 294. This paper is available on line at:

<http://cato.org/pubs/journal/currentissue.html>]

10 October 2008

Editor, Washington Post
1150 15th St., NW
Washington, DC 20071

Dear Editor:

According to E.J. Dionne, "Few investments would help businesses more than offloading a share of their health-care costs to the government. It's social justice with an economic kick" ("Hoover vs. Roosevelt?" October 10). Overlooking the questionable "justice" of forcing Peter to pay Paul's insurance premiums, Mr. Dionne's economics is wrong.

Government provision of such insurance won't

reduce employers' costs of employing workers. Worker pay - wages and benefits - is set by competition among employers for employees. If competition obliges Acme Inc. to pay a worker an hourly wage of \$20 plus health benefits worth \$5 hourly, this fact means that Acme must pay this worker a total-compensation package of \$25 per hour. Because government provision of all health insurance would not reduce the value of this worker to Acme and other potential employers, competition would oblige Acme to raise the worker's hourly wage by \$5 - the amount that Acme no longer must pay for health-insurance premiums. Acme would still have to pay this worker a total-compensation package worth \$25 per hour.

Contrary to Mr. Dionne's assumption, Acme Inc.'s cost of compensating its workers would not fall, although its tax burden would surely rise.

9 October 2008

Friends,

Earlier this afternoon I received an e-mail from a very sincere local retiree here in Fairfax who boasts

about how he "canvases for Barack Obama." This gentleman is concerned that the public doesn't know where Sen. Obama stands on economic issues. So this gentleman asked me if I would help him organize a visit by Sen. Obama to GMU's campus -- a visit to give the Sen. an opportunity to talk about "how to manage the economy."

Here's my reply.

Don
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Dear Mr. _____:

Thanks for your note asking if GMU Econ is interested in inviting Barack Obama to campus in order for him to outline his "economic plan."

I can't go along with your suggestion. First, and most practically, such an invitation would really have to come from either the Office of the Provost or the Office of the President -- not from the Chairman of the Department of Economics.

Second, and most importantly, I have negative willingness to be part of an effort to give any politician a platform to speak about economics.

Very few of them have any knowledge of the subject, and even fewer of them are courageous enough to speak honestly about it.

Listening to politicians, regardless of party, discuss economics makes me sick both to my head and to my stomach. And the only people who are not similarly affected, I fear, are persons whose knowledge of economics is sufficiently scant -- or whose ethics are sufficiently perverted -- to protect their senses from being insulted by what issues forth from the mouths of politicians speaking on economic topics.

So as an economist, I am no more interested in having Sen. Obama (or Sen. McCain) come to GMU's campus to lecture us on "how to manage the economy" than I would be, say, to have O.J. Simpson come to GMU's campus to lecture us on how to manage one's marriage.

Sincerely,

9 October 2008

Editor, The New York Times
229 West 43rd St.
New York, NY 10036

To the Editor:

You're right that "In seeking to make lobbying an issue, Senator McCain has made one of hypocrisy" ("One Man's Crony ...," October 9). But this fact hardly sets Sen. McCain apart.

Among the articles of faith of "progressivism" is the theory - which never yields to experience - that you can fill the sea with enormous quantities of fresh red meat and then, Moses-like, successfully command the sharks not to devour it.

As long as Uncle Sam continues to stock the Potomac by ripping from the body politic such enormous quantities of flesh and muscle - now more than three TRILLION dollars worth annually - sharks and vultures will inevitably swarm throughout Washington in a competitive struggle to gorge themselves on this unfortunate feast.

8 October 2008

Friends,

Here's great good sense, from Reason.tv, on the worrisome bailout. The first link is to my colleague Russ Roberts:

<http://cafehayek.typepad.com/hayek/2008/10/i-talk-about-th.html>

The second is to EconLog's (and sometime GMU instructor!) Arnold Kling:

<http://www.reason.tv/video/show/546.html>

Important stuff.

8 October 2008

CNN.com

Dear Editor:

According to a recent poll, "55 percent of registered voters questioned say that Obama 'cares more about people like you' than Sen. John McCain" ("Poll: Obama seen as more compassionate than McCain," October 7).

What do such alleged 'cares' signify? To win votes, politicians feign a god-like capacity to "feel your pain" and to be deeply concerned about persons

they've never met. Mature people, of course, don't take such poses seriously.

At the very least, voters should heed Charles Dickens's warning against persons who deal in "second-hand cares" - that is, persons who are "principally occupied with the cares of other people." This great novelist observed that "second-hand cares, like second-hand clothes, come easily off and on." [Charles Dickens, *A Tale of Two Cities* (Barnes & Noble Classics), p. 22]

7 October 2008

CBS Radio Network

Dear News Editor:

On your 9am (EDT) national news broadcast today you reported (1) that families now face more difficulty feeding "hungry mouths," and (2) that, because of today's financial worries, many ordinary Americans "are overeating."

Are you not struck by this inconsistency?

October 6, 2008

Business Day
South Africa

To the editor:

In his editorial "Market panacea fails in Africa," Mathabo Le Roux claims that the United Nations Conference on Trade and Development (UNCTAD) has, in its 2008 report on Africa's Economic Development, admitted the failure of market-driven reforms on the continent, particularly in agriculture. These reforms have, Le Roux posits, "left the industry in tatters."

But is the poor performance of Africa agriculture over the past 30 years the result of market-oriented reforms? Alas, the story is much more complicated. As the UNCTAD report itself makes clear, a lack of land tenure security in many countries makes it difficult for poor farmers to use property as collateral for loans to finance investments. Oddly, while the report argues that farmers need increased access to credit, it fails to lay the blame for existing tenure insecurity where it belongs: at the doorstep of African governments. Land-related problems are

a major constraint on growth in Africa's agriculture sector, as are high agricultural tariff rates within Africa. Perhaps Le Roux is unaware that average agriculture tariff rates in SSA are close to 70% -- a far cry from a free market. Combine these problems with the policy of many African governments to prohibit the use of high-yielding hybrid and genetically modified seeds, and one can see that the blame for poor productivity levels in African agriculture does not rest solely with market reforms; African governments, past and present, are also culpable.

Yours sincerely,

Karol Boudreaux
Senior Research Fellow
Mercatus Center at George
Mason University

6 October 2008

Editor, The New York
Times
229 West 43rd St.
New York, NY 10036

To the Editor:

Lamenting that so many plastic bags are discarded, Cal Dooley asserts:
"Plastics are a valuable resource - too valuable to waste - and should be

recycled" (Letters, October 6).

Time is also a valuable resource - too valuable to waste. If people recycle so few plastic bags, it's because they have better ways to spend their time, such as earning incomes, taking kids to soccer practice, caring for aging parents; the list is long.

Now if Mr. Dooley insists that all those bags a family tosses each week really are worth more than the time people must spend recycling them, he can solve the problem and make good money while doing so. All he need do is found a recycling company that buys these bags from people at their 'true' price. People will then no more discard a valuable plastic bag when they're done with it than they discard a valuable house when they move to another neighborhood.