



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.

18 October 2008

Editor, The State
Columbia, SC

Dear Editor:

Asked why he failed to disclose his receiving, free-of-charge, \$250,000 worth of renovation work on his private residence, Sen. Ted Stevens explained "that some details may have gotten lost amid the busy life of a senator: the committee meetings, the long hours and the challenges that come with representing a state four time zones away" ("Stevens combative in questioning during trial," October 17).

I see the problem. And it suggests that he (and his overworked, travel-weary colleagues in Congress) must also be unaware of the details that permeate those massive bailout bills, omnibus spending statutes, and other such pieces of legislation. No busy mortal can possibly keep track of such details. So it would be only right for Sen. Stevens and those Senators who've testified in his defense as character witnesses to renounce the vast bulk of legislation that they've passed as being filled with provisions too numerous and detailed for such busy pooh-bahs to

have carefully pondered - or even to have noticed.

18 October 2008

Friends,

My colleague, co-blogger, and co-star (with Walter Williams) of last night's John Stossel special -- Russ Roberts -- was interviewed recently by Bill Steigerwald of the Pittsburgh Tribune-Review. It's great reading:

http://www.pittsburghlive.com/x/pittsburghtrib/opinion/s_593861.html

17 October 2008

Editor, The Salem News

Salem, MA

Dear Editor:

Praising Franklin Roosevelt, Walter Mears writes: "He called Congress into special session. The next night, he delivered the first of his fireside chats on radio, telling Americans the government was providing the machinery for recovery and 'it is up to you to support and make it work.' Then came the flood of New Deal legislation, FDR's 'Hundred Days'" ("Voters still seeking way out of economic morass," Oct. 17).

Sounds inspiring. Mr. Mears continues:

"Roosevelt couldn't end the Depression; double-digit unemployment persisted until the World War II buildup began. But his programs eased the pain. Despite it, he changed the national mood and remade the role of the federal government."

In other words, seeking to end the Great Depression, FDR transferred massive amounts of power and resources from private citizens to government. But even an FDR admirer admits that, after two terms

in office, FDR's efforts failed.

So FDR's achievement wasn't to improve the economy but, rather, to give Americans a false sense of confidence that improvement was on the way. What a dubious achievement.

16 October 2008

Editor, Washington Times

Dear Editor:

In "Other economic numbers need attention" (Oct. 16), William Hawkins assumes that every dollar increase in America's trade deficit is a dollar increase in Americans' debt. Not so. If Mr. Hawkins pays for a new car with \$20,000 cash and then observes the car dealer stuffing that cash into a mattress, Mr. Hawkins's trade deficit with that dealer rises by \$20,000 while his debt to that dealer rises by exactly \$0.

More fundamentally, the trade deficit means that foreigners invest in the U.S. rather than spend all of their dollars on U.S. exports. If Mr. Hawkins mistakenly thinks such investments to be undesirable, I have good news for him: as Uncle

Sam meddles much more aggressively in capital markets, investors will be scared away. America will then be much more likely to run trade surpluses - just as it did for nine out of ten years of the greatly depressed 1930s.

15 October 2008

Editor, Forbes

Dear Editor:

You describe Milton Friedman as a "champion of unfettered markets" ("Financial crisis haunts Milton Friedman's legacy," October 14). This description reflects a common but unfortunate misunderstanding.

Milton Friedman championed not unfettered markets, but markets fettered by competition and consumer sovereignty rather than by political diktats. Mr. Friedman understood that fetters imposed by government are neither the only nor the best means of keeping markets working well. Indeed, far too often - as Mr. Friedman knew - fetters imposed by government turn in practice into crowbars that businesses use to break the competitive shackles

that oblige them to behave prudently and fairly.

15 October 2008

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

Dear Editor:

You ask "How did world markets come to the brink of collapse?" ("Washington Failed to Catch Up to Wall Street," October 15). You answer: "Some say regulators failed. Others claim deregulation left them handcuffed." You wonder: "Who's right?" Perhaps the answer is "none of the above."

Contrary to your pose of presenting all relevant possibilities, you miss the main debate entirely. The chief issue is to what extent are today's problems caused by market forces, and to what extent by government interference with these forces. You, though, take the necessity of regulators for granted and ask only why they failed.

If you ran a similar report asking about the cause of lousy meals served at restaurants whose kitchens are crammed with regulators, you would likely open it with: "Some say the

regulators failed. Others claim they were handcuffed. Who's right?" Perhaps the answer is "none of the above." Maybe, just maybe, the meals will improve only if the regulators clear out of the restaurants altogether and let the chefs and their customers do their thing.

14 October 2008

Friends,

My colleague Dan Klein - one of the most creative thinkers on the social-science scene today - argues in this fascinating short clip in favor of denationalizing the drug-approval process:

<http://www.youtube.com/watch?v=8N-IHM00cc>

14 October 2008

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

To the Editor:

In her otherwise fine essay "A Capitalist Manifesto" (Oct. 13), Judy Shelton claims that capitalism "accords primacy to the entrepreneur."

Not true. Capitalism accords primacy to the consumer. While

capitalism rewards entrepreneurs who succeed, success under capitalism is defined as pleasing consumers. Capitalism does not, and should not, tolerate entrepreneurs who don't satisfy consumers.

The system that gives primacy to the entrepreneur - or at least to prominent producers - is corporatism. Government interventions such as tariffs accord primacy to the producer and, as a result, and move us away from capitalism and toward corporatism.

13 October 2008

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

To the Editor:

Like many colleagues who share my appreciation for markets and distrust of government, I'm disappointed with the award of the Nobel Prize to Paul Krugman ("Paul Krugman Wins Economics Nobel," October 14). My disappointment stems not from objections I have to the work in trade theory for which Krugman won. Rather, my disappointment is that the Prize gives the

most celebrated credential in economics to a man who routinely issues policy recommendations in apparent ignorance of bedrock truths of his disciple.

One of these truths is that resources are not free. Yet on Sept. 14, 2001, Krugman wrote that the need to rebuild following the 9/11 attacks would generate "favorable effects" [Paul Krugman, "After The Horror," New

York Times, Sept. 14, 2001: <http://www.pkarchive.org/column/91401.html>] for the economy; he forgot that resources used to rebuild would have been used to produce other goods and services that, because of the attacks, were not built. Another truth is the reality of mutual gains from trade: Yet on October 20, 2002, he wrote that if the rich get richer, the poor and middle-class must get poorer as "a matter of arithmetic." [Paul Krugman,

"For Richer," New York Times Magazine, Oct. 20, 2002: <http://query.nytimes.com/gst/fullpage.html?res=9505EFD9113AF933A15753C1A9649C8B63&sec=&spon=&pagewanted=all>]

A person who commits elementary errors such as these when discussing economics ought not be taken seriously. Yet Mr. Krugman's Prize will add undeserved credence to his policy pronouncements.