Comment on the Commentary of the Day

by
Donald J. Boudreaux
Chairman, Department of Economics
George Mason University
dboudrea@gmu.edu
http://www.cafehayek.com

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.

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11 January 2009

Editor, The Washington Times

Dear Editor:

Joseph Carrigan is understandably disturbed that President-elect Obama predicts doom if a new "stimulus" plan isn't enacted (Letters, January 11). Alas, Mr. Obama is simply following his profession's code of conduct. What H.L. Mencken wrote back in 1918 is no less true in 2009: "Civilization, in fact, grows more maudlin and hysterical; especially under democracy it tends to degenerate into a mere combat of crazes; the whole aim of practical politics is to keep the populace alarmed (and hence clamorous to be led to safety) by an endless series of hobgoblins, most of them imaginary." [H.L. Mencken, In Defense of Women (New York: Knopf, 1918), p. 53]

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9 January 2009

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

To the Editor:

Paul Krugman faults Barack Obama's $775 billion "stimulus" plan for being too small ("The Obama Gap," January 9). I fault this plan for being about $775 billion too big.

If raising government demand for private-sector output were a sound recipe for economic health, then all that the government of, say, Zimbabwe must do to elevate that country to first-world status is to spend, spend, spend. Of course, such spending would do nothing to help Zimbabwe's economy because the problem lies in that country's poor institutions that discourage investment and prevent prices from being determined by market forces.

While America's institutions are more pro-growth than are those of many other countries, today's economic downturn will be reversed not by artificially raising demands for assets but, instead, by ridding the economy of institutional obstacles that discourage productive investment - obstacles such as high capital-gains taxes, inflationary monetary growth, and poisonous uncertainty about how Uncle Sam will next intervene into the economy.

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7 January 2009

Friends,

I can't resist sharing with you a line that Russ Roberts put on our blog, Cafe Hayek. It is in response to Robert Reich's express hope that any new stimulus plan won't have any pork in it:

"Hoping the plan won't have any pork in it is like hoping a ham sandwich won't have any pork in it. It's just a tad unrealistic."

Just a tad.

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7 January 2009

Friends,

My GMU colleague and Cafe Hayek co-blogger Russ Roberts was featured in this Monday discussion on NPR, along with former Labor Secretary Robert Reich, on "building a better stimulus plan." Russ and Reich disagree: http://www.npr.org/templates/story/story.php?storyId=99015346

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6 January 2009

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

To the Editor:

What is Barack Obama's plan for dealing with the economic downturn? More government spending! ("Obama Seeks Wide Support in Congress for Stimulus," January 6). The Bush administration has so far run budget deficits totaling $2.13 TRILLION – a figure doesn't include the spending orgy now in full swing for the bailout.

Governments throw goo-gobs of taxpayer money at problems as predictably as flies in the summer swarm to dog droppings. Where, I ask, is all this Change We Can Believe In?

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5 January 2009

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

To the Editor:

Barack Obama wants tax credits "for companies that make new hires or forgo layoffs" ("Obama Eyes $300 Billion Tax Cut," January 5). Be wary. By artificially lowering firms' cost of increasing output by employing more workers, such credits tamp down firms' incentives to increase output by investing in capital such as machinery, R&D, and worker training. Because real wages rise as worker productivity rises - and because worker productivity rises with greater amounts of capital - such tax credits will keep wages from rising as fast as they would otherwise rise.

A far better policy would be to cut the rate of capital-gains taxation. That way, firms would still have heightened incentives to produce, but with a better mix of labor and capital.