



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.

5 April 2009

Editor, The New York Times
620 Eighth Avenue
New York, NY 10018

To the Editor:

The headline of Thomas Friedman's column on President Obama's economic-recovery plan reads "Obama's Big, Bold Bet" (April 5).

Persons who make big bets with their own money act boldly. Persons, such as Pres. Obama, who make big bets with other people's money act badly -

and in two traditional senses of that word.

5 April 2009

Friends,

Tom Palmer, of the Atlas Foundation, is leading an important effort to publicize worldwide the fact that protectionism's promises are not merely false, but also dangerous. This nine-minute-long video is part of that vital effort. It's superb: <http://www.youtube.com/watch?v=UmAVjbx-CvE>

5 April 2009

Editor, The Wall Street Journal

200 Liberty Street
New York, NY 10281

To the Editor:

John Morris stumbles into what economists call the 'income effect' when he says that higher taxes might prompt people "to work even harder in order to amass an after-tax accumulation of transferable wealth" (Letters, April 4). Such a result is imaginable yet implausible. If Jones's benefit from engaging in an hour of activity X falls, Jones will likely substitute out of X into some other activity whose payoff to him hasn't fallen. In the tax

context, that means that higher income taxes will prompt Jones to work less. He'll substitute into other activities, such as leisure, whose benefits to him are not so heavily taxed.

But suppose it were true, as Mr. Morris seemingly thinks, that 'income effects' dominate 'substitution effects.' It would then also be true that raising penalties on, say, securities fraud will result in more such fraud. Devious issuers and brokers, forced to fork over more of their ill-gotten gains as fines, will try to keep their take-home pay unchanged by working harder to defraud their customers.

If Mr. Morris finds it implausible that raising penalties on fraudulent activities increases the incidence of fraud, why does he truck with the notion that raising penalties on working (i.e., raising taxes) increases the incidence of work?

3 April 2009

Friends,

I here, in a brief compass, make a case for free trade and against "stimulus":

http://experts.foreignpolicy.com/posts/2009/04/03/stimulus_for_protectionism

3 April 2009

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

To the Editor:

Paul Singer's case for more government regulation of financial markets has at least two flaws ("Free-Marketeers Should Welcome Some Regulation," April 3).

First, Mr. Singer ignores the possibility that errors made in the private sector - such as balance sheets leveraged too highly - were artifacts, not of too little government intervention, but of too much. Double taxation of profits combined with deductibility of interest on debt; implicit government backing of Fannie and Freddie; and (most significantly) the Fed's monopoly control over the money supply, are just some government policies that might have promoted the great bulk of the private-sector errors that Mr. Singer laments.

Second, even if today's problems are at root the fault of the market, Mr.

Singer writes as if he's proposing new regulations to an apolitical and unbiased agency, one immune to interest-group pressures and to the weaknesses in human judgment that Mr. Singer himself believes contributed to the market's implosion. I dare say that no error in judgment is so dangerous as the one that leads Mr. Singer and others to regard government as being something akin to a god-like institution.

3 April 2009

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

To the Editor:

Amedeo Teti says that "Dumping and some state subsidies are unfair competition practices that create distortions of international competition and, in the long run, result in the establishment of dominant positions by some companies at the expense of global competition. That is why antidumping remedies have nothing to do with protectionism" (Letters, April 1).

Wrong.

First, I challenge Sig. Teti to name even a single instance - one recognized widely by scholars - in which dumping or export subsidies practiced in one country resulted in harm to consumers in other countries. Second, even if (contrary to fact) he's able to name a thousand such instances, it's foolish to suppose that just because antidumping remedies might be useful against some harmful acts that these remedies won't be misused by protectionists

masquerading as champions of economic efficiency.

31 March 2009

Mr. Barack Obama
President, Executive Branch
United States Government
Washington, DC

Dear Mr. Obama:

On your website today you write that "my administration will offer General Motors adequate working capital to continue operations for the next 60 days." Because you're a man of your word and you choose your words carefully, I trust that you mean here that you and the public servants in your administration will personally pony up the working capital for G.M.

That is, like, soooo cool!!

I'm psyched that an American president and his administration finally will help a struggling company by digging into their OWN pockets! Thank you, thank you, thank you for breaking with the capitalist/GOP/free-market-fundamentalist tradition of forcing me and other taxpayers to shovel money into the bank accounts of giant multinational

corporations. Thanks for risking only wealth that is your own, rather than following the prescription of lazy-fairies like Milton Friedman who (I learned in my sociology classes and from reading Naomi Klein) believed that innocent taxpayers should be forced to subsidize Big Multinational Corporations.

I'm so INSPIRED that you and your teammates at the White House will give G.M. the bucks it needs - give it from your own private funds and not from taxpayers! That's just, like, so progressive! What a change! I believe in it!

30 March 2009

Editor, Baltimore Sun

Dear Editor:

Having witnessed someone - children, read no further! - "actually signaling for a ride from an unlicensed, unmarked taxi," Julia Frein is mightily disturbed that "[a]pparently these drivers are willing to risk their lives, and possible the public's lives, by picking up people and charging lower prices than licensed and marked cabs" (Letter, March 30).

Risking people's lives by
charging lower prices?
Huh?

Given that you printed Ms.
Frein's letter on the
editorial page rather than
the comics page, I assume
that you have some inkling
of why she believes that
greater competition among
taxi drivers is dangerous.
Can you please share her
reasoning with those of us
who are too witless to
figure out how lower taxi
prices pose a significant
threat to life and limb?