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(Business Quest)

**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.**

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16 May 2009

Editor, Washington Post

Dear Editor:

Seeking more active application of antitrust regulations, Steven Pearlstein wants the Supreme Court to reject "the view of Chicago school economists" - a view in which, according to Mr. Pearlstein, "monopolies are actually good for consumers because they attract the money and talent necessary for innovation" ("Can Obama Bring Back the Trust Busters?" May 17).

Mr. Pearlstein seriously misunderstands Chicago-school economics. Those economists do not believe that "monopolies are actually good for consumers." Quite the contrary. What the researches of these economists DO reveal, instead, is this: First, competition is so robust that it is seldom, if ever, squelched by firms who do not enjoy special government privileges; second, being big does not make a firm a monopolist; and third, antitrust statutes themselves have often been used to restrain competition.

It's disappointing that Mr. Pearlstein's understanding of both Chicago-school economics and of antitrust is so superficial.

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15 May 2009

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

To the Editor:

University of Massachusetts economics professor Ronald Olive asserts that "When a country runs a current account deficit it must incur liabilities, that is, borrow or run down its foreign assets, or do both" (Letters, 15 May).

This assertion is simply untrue. If Mr. Olive spends $500 on a bottle of Chateau Latour and the owners of that chateau hold those dollars as cash, or spend them on dollar-denominated equity or real estate, America's current-account deficit rises without any corresponding increase in Americans' indebtedness or any reduction Americans' holdings of foreign assets.

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14 May 2009

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

To the Editor:

You're correct that the Obama administration's overhaul of antitrust policy will stifle competition under the guise of fostering it ("Target: Intel, and Competition," May 14). But this fact is unsurprising because governments respond only to interests that are organized and visible.

Genuine competition relentlessly pressures existing firms to work harder to satisfy consumers, and it inevitably turns many firms that are today's industry leaders into tomorrow's bankrupts. In doing so, competition clears the way for the creation of new firms and industries that today are unimagined - and, hence, that today are invisible, politically unorganized, and silent.

The invisible hand, being unseen, will always be at a political disadvantage compared to the visible palms - palms outstretched to the state by beggars seeking special privileges.

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13 May 2009

Friends,

Here's a short tribute that I wrote to my father, who passed away a couple of weeks ago:

http://www.pittsburghlive.com/x/pittsburghtrib/opinion/columnists/boudreaux/s_624810.html

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12 May 2009

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

To the Editor:

Many persons warned that Uncle Sam's bailout of banks would become the pretext for much more intrusive interventions - interventions that appease vocal interest groups while harming the economy.

That this warning was justified is revealed in your report on labor-union efforts to constrain Wells Fargo's attempt to recover the money it loaned to HartMarx ("Workers Pressure Bank to Keep Clothier's U.S. Plants Open," May 12): "Seeing a political and public relations opening, the workers and their union are arguing that Wells Fargo, having received $25 billion in the bank bailout, should keep a 122-year-old American company like Hartmarx in business and preserve some 3,600 jobs."

Bailout dollars are like Borg nano-probes from Star

Trek: they assimilate all that they enter into a grotesque and dangerous collective.

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11 May 2009

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

To the Editor:

The Obama administration will "restore an aggressive [antitrust] enforcement policy against corporations that use their market dominance to elbow out competitors or to keep them from gaining market share" ("Administration Plans to Strengthen Antitrust Rules," May 11).

Anyone unaware that this new aggressiveness will, in fact, SUPPRESS competition is not familiar with antitrust's history. Firms without special government privileges successfully compete for market share only by pleasing consumers. But ability to sic antitrust enforcers on rivals who are more creative or who have cost advantages will encourage many firms now, as it has in the past, to compete for market share not by pleasing consumers but by pleading with bureaucrats and courts to hamstring those rivals.

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10 May 2009

Editor, Washington Post

Dear Editor:

George Will quotes Alexis de Tocqueville's prescient warning that Americans might one day become "a herd of timid and industrious animals, of which the government is the shepherd" ("Capitalism Goes Out Of Tune," May 10). How apt.

If New Hampshire's state motto, "Live Free or Die," were changed to one that more accurately captures today's American spirit, that new motto would be "Exist as Coddled Children or Cry."

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5 May 2009

Friends,

Steve Slivinski interviewed the great scholar of money and banking, George Selgin, for the current issue of the Richmond Fed's Region Focus:
http://www.richmondfed.org/publications/research/region_focus/2009/winter/full_interview.cfm

Among the many topics covered, George here explains clearly how "free banking" -- basically, stripping government of its monopoly control over the money supply -- can work, and has worked, in practice.

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5 May 2009

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

To the Editor:

Madeleine Albright and Colin Powell are pleased that, at the Initiative for Global Development (IGD) summit in Washington, "business and government leaders will gather to advance new strategies for reducing global poverty. Participants will focus on ways to promote better public policies, and to integrate the best practices of business and government in order to lift up the lives of the world's poorest people through economic growth" ("Don't Forget About Foreign Aid," May 5).

Wonderful words. But they offer no hint that these former Secretaries of State are aware of researches of Peter Bauer and, more recently, of William Easterly. Bauer and Easterly show - with compelling arguments and data - that nations lift themselves out of poverty by relying neither upon foreign "aid" nor upon development blueprints drawn up and superintended by "experts" and "leaders." Rather, nations become wealthier only by creating secure property rights enabling countless individuals to experiment with new enterprises aimed at satisfying consumers.

In short, the key to development is freer markets - not the top-down do-goodism that apparently will be offered at the IGD summit.

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4 May 2009

Mr. Mark ________
Proprietor, www.ssotu.com
Melbourne, Australia

Dear Mr. ________:

Opposing free trade, you challenge me to answer the following question:

"You [Boudreaux] are appointed the Chief Terminator of Economic Ignorance at a salary of $150,000 a year. Things are going great for a while, then one day you're told your job will now be done from India for just $10,000 a year. How are you going to feed your family?"

Such a question elicits many complementary answers. Here, for now, is just one - in the form of a question for you: Suppose that people no longer wish to incur the cost of escaping economic ignorance; suppose that people's preferences change - say, people switch from preferring economic education to preferring more chemistry or theology education, subjects about which I know nothing. Demand for my services as an economic educator dries up.

Does the fact that my income falls dramatically as a result of this economic change give me the right to force people to continue to purchase my services? Are people morally obliged, once having voluntarily paid me well to perform a service for them, to continue to pay me well indefinitely? Am I morally entitled to prevent people from spending their money on instruction in chemistry or theology?