



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.

12 July 2009

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

Dear Editor:

Seeking to encourage African governments to embrace institutions that promote economic growth, President Obama said yesterday in Accra that "No business wants to invest in a place where the government skims 20 percent off the top" ("Text of Obama's speech in Ghana," July 11).

He's absolutely correct. So I trust that he'll offer the same advice to the U.S.

Congress, for this body taxes every dollar of corporate income above \$50,000 at a rate of 25 percent - and raises this rate to 39 percent on corporate incomes between \$100,000 and \$335,000. The average tax rate on corporate incomes higher than \$335,000 is greater than 35 percent.

Surely Mr. Obama's understanding of the destructiveness of government confiscation ought not be lost on Rep. Pelosi, Sen. Reid, and Co.

12 July 2009

Editor, Boston Globe

Dear Editor:

Kudos to Jeff Jacoby for daring to insist that (gasp!) members of Congress actually READ the legislation that they vote on and foist upon the public ("Lawmakers, read the bills before you vote," July 12). And it's revealing that House majority leader Steny Hoyer snickers at this proposal.

As Mr. Jacoby argues, such a requirement - far from being unreasonable - is surely a minimum condition for the actions of Congress to be taken seriously. Indeed, I've never understood why the

Constitution's guarantee of "due process of law" has not been used to challenge the enactment of statutes that no member of Congress can possibly have read, much less have digested and understood. Surely, legislation approved by a majority of representatives who did not read what they voted to approve cannot be said to be the result of due process of law.

11 July 2009

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

To the Editor:

Morton Winkel agrees with David Brooks's assessment that capitalism destroys dignity (Letters, July 11).

There are many reasons to reject this fatuous conclusion. But because I write this letter from Tbilisi, Georgia, I report personally one such reason visible to anyone here. This city is stuffed full of hideously ugly, dilapidated, and spirit-devastating concrete buildings erected by the Soviets. Living and working in these overgrown hovels is anything but dignified. In vivid contrast to the impersonal communist-era structures are the buildings and homes built since the fall of the Soviet Union. These structures - products of powerful doses of capitalist creativity, enterprise, and consumer choice - are warm, unique, personal, attractive, and functional.

Dignity is destroyed, not by capitalism, but by the heavy-handed and arrogant state.

10 July 2009

Friends,

My colleagues Tyler Cowen and Alex Tabarrok have written a new principles of economics textbook that promises to bring the "Masonomics" way of thinking into much greater prominence. The microeconomics portion can be pre-ordered here:

http://www.amazon.com/gp/product/1429250127/ref=pe_5050_12473490_snp_dp

This publication is an exciting event!

9 July 2009

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

Dear Editor:

E.J. Dionne describes capitalism as "a system rooted in materialist values" ("To the Right of the Pope," July 9). "Materialist values" is a vague term, but if - as seems to be the case - Mr. Dionne thinks the chief justification for capitalism is that it generates lots of stuff for consumers, he's mistaken.

While capitalism empathically does improve

material living standards, all the great champions of economic freedom (aka capitalism) ultimately justify this system because only it affords true dignity to individuals - the dignity that is denied by interventionist systems which arbitrarily diminish each person's freedom to choose. For "Progressives" such as Mr. Dionne not to share the value of freedom is fine. But it's rather cheeky to accuse, with one breath, proponents of capitalism of being unduly focused on material goods, and with the other breath to insist that a major problem with capitalism is that some people get fewer material goods than do other people.

8 July 2009

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

Dear Editor:

Five-hundred and thirty-six officials - one at 1600 Pennsylvania Ave. and the others a few blocks down that boulevard of brazen busybodies - are frenetically trying to lord it over ever-more vast aspects of our lives. Sen. Orrin Hatch wants Washington to correct what he divines to be

imperfections in the method of choosing which teams compete in post-season college football games. Pres. Obama wants to mute changes in oil prices. And a majority of these savior-wannabes seek to remake health-care delivery, run automobile companies, protect us from financial risks, and, generally, to mandate, prohibit, and regulate us all into velvet-lined shackles.

I have a name for this repulsive social system: Capitolism.

8 July 2009

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

To the Editor:

The Obama administration believes that the price of oil is fluctuating too much, and it blames speculators - whom it wants to rein in ("U.S. Considers Curbs on Speculative Trading of Oil," July 8).

Rather than issue new regulations that might distort prices - prices that typically convey important information about market conditions - Mr. Obama and his lieutenants can better address this problem

by themselves becoming speculators. Whenever they believe that speculators are driving oil prices too high (and, thereby, setting the stage for these prices to "fluctuate" back downward) Team Obama can go short in oil. Likewise, whenever they believe that speculators are driving oil prices too low (and, thereby, setting the stage for these prices to "fluctuate" back upward), Team Obama can go long in oil.

Not only will these brilliant public servants earn personal fortunes in the oil market, they'll also, in the process, help to mute the allegedly excessive price fluctuations (because, for example, selling oil short when its price is rising adds supply to the market today, thus relieving the pressures pushing today's prices upward). And because Mr. Obama & Co. be using their own resources, we the public will be better assured that their actions aren't driven principally by opportunistic politics.

8 July 2009

News Editor, WTOP Radio
Washington, DC

Dear Sir or Madam:

This morning your anchors interviewed law professor Michael Greenberger on President Obama's plan to reduce speculation in oil markets. Mr. Greenberger's answers revealed his own confusion.

Most obviously, Mr. Greenberger repeatedly objected to persons investing in oil futures "passively" - as he said, 'with no interest in actively controlling these assets, just hoping to make a buck when their prices rise.' Ummm.... Does Mr. Greenberger own stocks only in companies that he actively manages? If not, why is it okay for him to buy, say, a few dozen shares of Microsoft "hoping to make a buck when their prices rise" but not okay for other persons to speculate in oil for the very same reason?

Second, Mr. Greenberger presumes that all speculators speculate long AND that doing so is a sure thing. Neither presumption is valid. It's just as easy to speculate short as it is to

speculate long. And if speculation were as risklessly profitable as Mr. Greenberger presumes it to be, then high gasoline prices would pose no problem because everyone and their grandmothers would be raking in riches by speculating in oil markets.

7 July 2009

Friends,

My colleague Alex Tabarrok argues here, quite eloquently, for freeing the market for transplantable human body organs:

<http://www.forbes.com/2009/06/30/steve-jobs-liver-transplant-opinions-contributors-organ-donor.html>

Lives are at stake.

7 July 2009

Editor, USA Today

Dear Editor:

Scolding the late Robert McNamara for the hubris of his foreign policy is now de rigueur. As you correctly argue, on Vietnam Mr. McNamara "didn't assess the limits of American power" ("McNamara's hubris holds lessons for today's leaders," July 7).

Like so many Really Smart People, he possessed a mindless faith in the ability of analytical genius, backed by government power, to right the world's wrongs.

But the dangers of hubris and the limits of top-down solutions designed by geniuses don't exist only outside of our borders; they're just as real on the domestic front. If unpredictability, incalculable details, and unintended consequences threaten to make a mess of interventions abroad, surely the same stubborn aspects of reality threaten to make a mess of centralized, genius-planned interventions on the home front such as those that aim to supply universal health care and to create a "green economy."

6 July 2009

Friends,

Warning: this e-mail is full of shameless bragging -- bragging about GMU econ undergraduates.

Some of our econ majors enroll at GMU expressly because of the reputation of our program and our faculty. Most of our majors, though, begin

college unaware of economics and then, stumbling into courses taught by the likes of my colleagues Dan Klein, Tom Rustici, or Alex Tabarrok -- to name only a few -- are turned on to economics. Learning the economic way of thinking inspires these young men and women, for the first time in their lives, to appreciate the marvels of markets.

And inspired they are. Here's just a sampling.

GMU econ major Liz Parker quotes Frederic Bastiat in her blog, Incredible Wampum: <http://iwampum.blogspot.com/2009/07/patriotism-and-other-irresponsible.html>

GMU Econ major Ajay Menon is interning this summer at the Grameen bank, bringing his deep understanding of markets to that important micro-lending institution. Ajay blogs at Dhaka Diaries: <http://ajaymenon.wordpress.com/>

Finally, here's a picture of some graffiti that I recently saw scrawled on GMU's Robinson Hall. I don't know for certain that this message was scribbled by a GMU econ undergraduate, but I have a feeling that it was. (If I

catch the guilty party, I'll first scold him or her for defacing others' property, and then I'll congratulate the student for the insight! <http://www.cafehayek.com/hayek/2009/07/only-at-gmu.html>