



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.

25 January 2009

News Editor, WTOP Radio
Washington, DC

Dear Sir or Madam:

You report today that "President Barack Obama's ban on earmarks in the \$825 billion economic stimulus bill doesn't mean interest groups, lobbyists and lawmakers won't be able to funnel money to pet projects. They're just working around it."

This news is as surprising as January snow in Buffalo. As my colleague Russ Roberts points out, pork is as inseparable from

government spending as it is from ham sandwiches.

25 January 2009

Editor, Baltimore Sun

Dear Editor:

Dan Rodricks wants "national service," and he believes that the nation's current infatuation with Barack Obama provides an ideal opportunity to implement it ("Americans poised to heed Obama's call to service," January 25).

Put aside the mistaken premise that each of us "serves" only when working in government programs, and ask: how will Uncle Sam know how best to use all the conscripted labor at

his disposal? And what earthly reason is there to suppose he will deploy such labor according to reasonably objective criteria rather than according to political fads, partisan emotions, and interest-group influences?

Sadly, Mr. Rodricks utterly ignores questions such as these. His essay is evidence of the truth of what Thomas Sowell observes in his column appearing in today's Washington Times: "politics is about evoking emotions, not examining specifics."

24 January 2009

Friends,

My colleague and co-blogger Russ Roberts here visits fantasy island -- in the form of fantasizing, in an article at Forbes.com, of a speech that an illusionary president Obama might deliver:

http://www.forbes.com/2009/01/23/taxes-obama-recovery-oped-cx_rr_0123roberts.html

Too bad Russ's fine fantasy isn't our reality.

24 January 2009

Editor, The Wall Street Journal

200 Liberty Street
New York, NY 10281

To the Editor:

The headline of your report on Mayor Lawrence Morrissey of Rockford, IL, spending time in Washington begging pooh-bahs there for money speaks volumes: "Wish List in Hand, Mayor Travels to Washington and Finds He's Not Alone" (January 24).

Mayor Morrissey's use of his time seeking government handouts is an ideal, if unintentional, tribute to a great son of Rockford, the economist Gordon Tullock. Forty-two years ago, in one of the most important papers published in economics during the 20th century, Tullock identified the phenomenon of "rent-seeking." [Gordon Tullock, "The Welfare Costs of Tariffs, Monopolies and Theft," Western Economics Journal, Vol. 5, 1967, pp. 224-232] Rent-seekers generate huge amounts of waste by using resources to plead for handouts. It's not so much the actual transfers from taxpayers to successful supplicants that are wasteful, Tullock showed, but the fact that the prospects of receiving these transfers prompt

producers to form themselves into special-interest groups. These interest groups divert the time and resources that they, as producers, would have spent doing socially productive things - such as administering cities efficiently - into lobbying for government favors. Successful rent-seekers benefit, but the diversion of resources from productive uses into pleading and pandering at the feet of politicians makes society poorer.

23 January 2009

Editor, Washington Times

Dear Editor:

Re your headline "Top bailout recipients also major lobbyists" (Jan. 23): While I appreciate the appropriateness of this headline, it's discouraging to realize that such a fact is newsworthy.

If people were as credulous about non-politicians as they are about politicians, we'd routinely read headlines such as "Thief Steals Money to Benefit Himself!" or "Teenage Boys Buy 'Playboy' for the Pictures, Not the Articles" or "Italian Supermodel Marries 98-

year-old Billionaire Only for His Money!"

23 January 2009

Friends,

Here's an insightful op-ed from a GMU PhD candidate from Ecuador, Pedro Romero. It reveals not only Pedro's natural good sense and talents, but -- if I dare say so -- the excellent training that he's receiving in GMU's Department of Economics: <http://www.latinbusinesschronicle.com/app/article.aspx?id=3096>

23 January 2009

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

Dear Editor:

Treasury Secretary nominee Timothy Geithner sides with those who worry, as you put it, that "Beijing has kept its currency artificially low to keep the prices of its goods cheap and generate trade surpluses. That has led to a global capital imbalance, as American consumers borrowed and spent and China became the United States' largest foreign creditor" ("Geithner Says China Manipulates Its Currency," January 23).

And he threatens to act "aggressively" to stop this alleged wrongdoing.

Overlook the reality that the only way Beijing can push the price of the yuan lower is through inflation or other policies that make China an unattractive place to invest. Instead ask: why should the Obama administration be so upset by Beijing pumping easy credit into markets at a time when this same administration is deeply worried that credit has become too tight?

22 January 2009

Editor, WTOP Radio
Washington, DC

Dear Editor:

Interviewed this morning in your report on how Uncle Sam will assume many of the insurance obligations for the Metro transit system, Rep. Jim Moran asserted that this assumption of obligations will "cost taxpayers nothing."

How absurd. Government provision of insurance to Metro would cost taxpayers nothing only if it were certain that whatever insurance claims Metro files in the future will be lower in value than

whatever insurance premiums Metro pays. But if this outcome were certain, each and every private insurance company would be jumping at the opportunity to insure Metro. The fact that government feels obliged to serve as Metro's insurer strongly suggests that the expected value of Metro's future claims on its policy exceed the value of the premiums it will pay to Uncle Sam. Taxpayers will be on the hook for the difference.

22 January 2009

Friends,

Russ Roberts, My GMU colleague and co-blogger at Cafe Hayek, was interviewed yesterday on NPR's All Things Considered. Russ shares the spotlight with Paul Krugman in this seven-and-a-half-minute interview on Obama's plan for "stimulating" the economy: <http://www.npr.org/templates/story/story.php?storyId=99679106>

Do listen.

22 January 2009

Friends,

You can find here my GMU and Mercatus Center colleague Tyler Cowen's

discussion, with Tom Keene and Ken Prewitt of Bloomberg, of Obama's economic ideas; you might have to scroll down a bit to find it:

<http://www.bloomberg.com/tvradio/podcast/surveillance.html>

Tyler, by the way, blogs at the justly world-famous blog Marginal Revolution: <http://www.marginalrevolution.com/>

22 January 2009

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

Dear Editor:

President Obama's inaugural declaration that "The question we ask today is not whether our government is too big or too small, but whether it works" is further evidence that the wisdom and values that animated America's founding generations are lost.

If Thomas Jefferson thought as Mr. Obama does, he would have written in 1776: "We hold these truths to be self-evident, that all men are endowed by their government with the unalienable right to be taxed, regulated, scolded,

herded, harassed and otherwise ruled in whatever ways work."

And these soaring words would have been part of the Declaration of Dependence.

21 January 2009

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

To the Editor:

Alberto Alesina and Luigi Zingales say that "this recession is unusual is that it was caused in large part by a significant current-account imbalance due to the low savings rate of Americans (families and government)" ("Let's Stimulate Private Risk Taking," January 21). Not so. A current-account imbalance might reflect conditions that portend recession, but it cannot cause a recession.

To see why, suppose that Uncle Sam declares Canada, Europe, China, and Japan to be parts of the United States. With no further changes, most of the U.S. current-account deficit would immediately disappear. Much of what were formerly classified as imports, exports, and

international capital flows would now lose those special classifications - just as purchases, sales, and investments between, say, Nevada and Utah are adorned with no special classifications. And yet, surely no recession can be cured merely by reclassifying economic transactions.

But just as no such reclassification can cure a recession, no recession can be caused by the initial classification of economic transactions. Whatever foolish monetary policies might spark bad investments, whatever irrational bubble-izing behaviors might move the market, or whatever unwise regulations (or lack of regulations) might encourage unsustainable investments, it is REAL factors such as these that bear the blame for market unrest and not the arbitrary measurement called the "current-account imbalance."

20 January 2009

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

To the Editor:

During the past few days, your paper, like many others across the country, has been filled with celebratory praise for America's tradition of transferring political power peacefully. I am among the celebrants.

But my celebration is tempered by the realization that ours would be an even more civilized and progressive society if we had much less political power to transfer - if we had finally cast off the ages-old superstition that human lives gain meaning only through subordination to a grand collective directed by Great Leaders. Not until more Americans replace their fascination with power and personality with a love of liberty will this country ascend to the highest possible stage of civilization.

20 January 2009

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

To the Editor:

You report that Barack Obama will call for "a new era of responsibility" ("Obama to Call for a New Era of Responsibility," January 20).

His actions belie his words. By seeking an extra \$800 billion for "stimulus," Mr. Obama will generate a typhoon of irresponsibility. Consider what Arnold Kling says at the blog EconLog: "How many people will have meaningful input in determining the overall allocation of the billion stimulus? 10? 20? It won't be more than 1000. These people - let's say that in the end 500 technocrats will play a meaningful role in writing the bill - will have unimaginable power. Remember that what they are doing is taking our money and deciding for us how to spend it. Presumably, that is because they are wiser at spending our money than we are at spending it ourselves.

"The arithmetic is mind-boggling. If 500 people have meaningful input, and the stimulus is almost \$800 billion, then on average each person is responsible for taking more than \$1.5 billion of our money and trying to spend it more wisely than we would spend it ourselves." [http://econlog.econlib.org/archives/2009/01/the_stimulus_an.html]

Absolutely no one can spend \$1.5 billion of other people's money responsibly.

19 January 2009

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

Dear Editor:

The fawning coverage of Barack Obama in today's edition of your paper combines with the increasingly surreal homage that Americans now pay to this man-of-myriad-bromides to remind me of a piece of wisdom from H.L. Mencken:

"People in the mass soon grow used to anything, including even being swindled. There comes a time when the patter of the quack becomes as natural and as indubitable to their

ears as the texts of Holy Writ, and when that time comes it is a dreadful job debamboozling them." [H.L. Mencken, On Politics: A Carnival of Buncombe (Baltimore: Johns Hopkins University Press, 1996), p. 335]

From the likes of Bruce Springsteen to the ordinary man in the street, the deification of Mr. Obama is as dangerous as it is infantile.

19 January 2009

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

To the Editor:

Jeremy Weir Alderson says that "the No. 1 reason for imposing higher labor standards on imports isn't to improve living standards abroad but to maintain them here" (Letters, January 19). It's true that the real motive for such standards is to protect certain producers in America from having to compete with lower-cost rivals. But it's untrue that access to lower-cost sources of goods and services cause poverty in America.

The greatest source of lower-cost competition for American producers over the years is not cheap foreign workers; it's machinery and technology. Local butchers in the late 19th century could not compete with Chicago slaughterhouses that shipped their beef across the country in new-fangled refrigerated railroad cars. Farmers over the past two hundred years have consistently been displaced by mechanized farm machinery, improved fertilizers and pesticides, better seed varieties, refrigeration, and better materials for packaging produce for storage and shipment. Typists in the late 20th century were out-competed by low-cost word-processing hardware and software.

Lower-cost sources of output do not cause poverty; they alleviate it.