



## 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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18 October 2009

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

To the Editor:

So now Uncle Sam is subsidizing Americans' purchases of golf carts ("Cash for Clubbers," Oct. 17).

This sorry fact is unsurprising. As Milton Friedman pointed out, money is spent most carefully when the money belongs to the person spending it and when that person spends it for himself and his family.

Money is spent least carefully - indeed, often destructively - when it does not belong to the person spending it and when that person spends it not for himself but, instead, for strangers.

Because Congress spends other people's money ostensibly for other people's good, subsidized golf carts are par for the course.

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18 October 2009

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

To the Editor:

Bono writes that America is "a great idea about opportunity for all and responsibility to your fellow man" ("Rebranding America," Oct. 18).

He confuses consequences with causes. The American Idea is one of individual freedom - as Jefferson put it in the summer of 1776, "the right to life, liberty, and the pursuit of happiness." From this freedom come widespread economic opportunity, a cosmopolitan respect for the rights of strangers, and both the willingness and the material means to be generous toward others.

What distinguishes the American Idea from the superstitions, stifling traditions, and the various forms of collectivism that have historically cursed humanity is its confidence in individual freedom. Without that freedom, opportunity is a mirage and "responsibility to your fellow man" is a simply a slogan used to justify harnessing the populace to serve those in power.

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17 October 2009

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

Dear Editor:

Generous in her admission that politicians "sometimes ... don't live up to our expectations," Tanya Villani suggests that we stop criticizing politicians and, instead, pray for them: "Just imagine the possibilities if we spent more time praying for our elected officials, seeking divine wisdom to govern and legislate with integrity" ("Letters," Oct. 18).

Yes. Imagine.

Imagine that armed robbers and rapists routinely victimize Ms. Villani's neighborhood. Would she reproach those who harshly criticize and condemn the robbing rapists? Would she advise the insensitive scolds to instead pray for the marauders? Would Ms. Villani think that some additional "Hail Marys" or a few more hours spent in Buddhist meditation are the most effective means of protecting herself, her family, and her neighbors from predatory scoundrels?

I imagine not.

17 October 2009

Editor, Economist.com

Dear Sir or Madam:

You miss the big picture when you say that it's "a problem" that "banks are paying bonuses even as shareholders make losses" ("Making hay," Oct. 16).

The de facto principal shareholder in many U.S. banks today is the U.S. government - and THAT shareholder is emphatically not "making losses." Despite its unchecked profligacy, Uncle Sam's revenues are now near an all-time high and - enjoying privileges denied to us mere mortals - can not only confiscate money from others but also can legally print money.

Backed by such a filthy-rich investor who is unwilling to let them fail, banks are behaving with perfect rationality by refusing to trim their executives' pay and perks.

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16 October 2009

Editor, WTOP Radio  
Washington, DC

Dear Editor:

After your report yesterday afternoon on the continuing growth of Chinese exports, you interviewed an 'expert' who asserted that East Asian economic success of the past several decades is the result of "pragmatic industrial and trade policies" pursued by governments in that region. This gentleman added that America would experience similar success were it not for our "stubborn free-market ideology" whose proponents "ignore facts."

I see. Perhaps the quotation below is from one of those fact-ignoring ideologues:

"The realities of East Asian growth suggest that we may have to unlearn some popular lessons. It has become common to assert that East Asian economic success demonstrates the fallacy of our traditional laissez-faire approach to economic policy and that the growth of these economics shows the effectiveness of sophisticated industrial policies and selective protectionism. Authors such as James Fallows have asserted that the nations of that region have evolved a common 'Asian system,' whose lessons we ignore at our peril. The extremely diverse

institutions and policies of the various newly industrialized Asian countries, let alone Japan, cannot really be called a common system. But in any case, if Asian success reflects the benefits of strategic trade and industrial policies, those benefits should surely be manifested in an unusual and impressive rate of growth in the efficiency of the economy. And there is no sign of such exceptional efficiency growth."

These words were written by that infamous apostle of Milton Friedman, Paul Krugman. [Paul Krugman, "The Myth of Asia's Miracle," *Foreign Affairs*, Nov./Dec. 1994; reprinted in Paul Krugman, *Pop Internationalism* (MIT Press, 1996), pp. 167-187. The quotation in the letter is on page 184]

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16 October 2009

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

Dear Editor:

Michael Gerson rightly applauds Bill Gates's work to bring a "green revolution" to Africa ("Gates's Fields of Dreams," Oct. 16). But Gerson - if not Gates -

misunderstands the root cause of Africa's widespread poverty.

Poverty persists in Africa not because existing science and technology are inadequate, or because Africa operates according to different natural laws than does the rest of the planet. Science and technology are as available and adaptable to Africans as they are to Americans, Austrians, and Australians. And that science and technology have proven quite adept in many places outside of Africa at helping to raise multitudes out of poverty.

Africa's root problem is not a scientific one, and so it cannot be solved by science. Africa's root problem lies in its social institutions. Corrupt governments, insufficiently secure property rights, and suffocating restraints on trade and industry make the application of advanced technologies in Africa unprofitable.

Solve these institutional problems, and African poverty will disappear even with no further advances in science and technology.

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15 October 2009

Editor, Los Angeles Times

Dear Editor:

In her open letter to Richard Riordan, Esther Jantzen starts off well by discussing the importance to children's welfare of good parenting ("Dear Richard Riordan," Oct. 15). But she soon goes completely off the rails by proposing "a federal and state Office of Parenting Education and a massive marketing campaign about best parenting practices."

Has the Cult of Politicization become so hypnotic that sober people sincerely believe that all serious problems can be solved by government bureaucrats? Is this cult's influence now so great that it blinds us to the reality that any "Office of Parenting Education" will be a stage upon which rival political extremes - from Biblical literalists to Vegan Nudists for Hemp - routinely joust with each other for influence over parenting? Do persons such as Ms. Jantzen not worry that a bureaucracy charged with "educating" parents will balloon, in budget and power, to eventually intrude itself into the most intimate and

private aspects of family life?

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15 October 2009

Friends,

Here's my GMU colleague (and co-blogger) Russ Roberts, at NPR, on Goldman Sachs and why government should not protect businesses from losses:

<http://www.npr.org/templates/story/story.php?storyId=113841487>

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15 October 2009

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

To the Editor:

Insisting that "the falling dollar is good news" for Americans because "a lower dollar is good for U.S. exporters," Paul Krugman now sounds like one of the 'pop internationalists' who justifiably incurred his wrath during the 1990s ("Misguided Monetary Mentalities," Oct. 12).

How can a fall in the value of an asset be good for persons who hold that asset? How are Americans made better off by a phenomenon that

renders goods and services more costly to acquire?

If Mr. Krugman answers by repeating the tired protectionist line that a weaker dollar makes American-made goods and services more affordable to buyers, then I have another question for him: would he think himself to be made better off if the value of his labor fell? After all, if the market would cut his wage rate - that is, cut the value of an asset (his labor) that he sells in order to obtain purchasing power - then Paul Krugman's services would be more affordable to buyers.

Would he think this turn of events to be "good news"?

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15 October 2009

Friends,

Here's the interesting inside story on PBS's selection of my GMU colleague Russ ("The Rapper") Roberts to debate Keynesianism with Lord Skidelsky:

<http://www.pbs.org/newshour/businessdesk/2009/10/inner-workings-at-the-newshour.html>

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14 October 2009

Editor, USA Today

Dear Editor:

Asserting that "something must be done" to reduce obesity in America, David Zinczenko proposes a "calorie-added tax" ("Fight obesity by taxing calories," Oct. 14).

Nonsense. Nothing must be done (beyond eliminating government subsidies to sugar and corn farmers). Obesity is the result of individual choices. If my neighbor prefers the enjoyment he gets from eating lots of fatty and sugary foods to the satisfaction that he would get if he were thinner, who am I to second-guess his preference? Who is Mr. Zinczenko to do so? My neighbor's eating habits are his business and his alone.

The real and truly harmful epidemic in America is not obesity, but meddlesomeness. I dislike taxes, but if government is destined to create yet another 'sin tax,' I propose that it be, not a calorie-added tax, but a meddlesomeness-added tax. It's time that Mr. Zinczenko and other

busybodies pay for the harm that they impose on others.

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13 October 2009

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

Dear Editor:

Reporting on the Obama administration's enthusiasm for government regulation, you report that "In a move designed as much for symbolism as effect, the new chairman of the Consumer Product Safety Commission dispatched all 100 agency inspectors across the country last month to enforce a law that requires special drains on swimming pools to prevent children from entrapment. The agency shut down more than 200 pools. The new regulators display a passion for rules and a belief that government must protect the public from dangers lurking at home and on the job" ("A Vigorous Push From Federal Regulators," Oct. 13).

Symbolism indeed.

The symbol I'm reminded of is the Declaration of Independence. Words that Thomas Jefferson used to

denounce King George III apply with equal force and justification Mr. Obama: "He has erected a multitude of New Offices, and sent hither swarms of Officers to harass our people and eat out their substance."

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13 October 2009

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

To the Editor:

David Henderson rightly laments that "that mainstream economics has become highly mathematical and increasingly independent from reality" ("A Nobel for Practical Economics," Oct. 13). And he also rightly hopes that the award of this year's Nobel Prize in Economics to Elinor Ostrom and Oliver Williamson - economists who "do the time-consuming work of examining the institutional structures that humans build to solve their own real-world problems" - will help to break the profession's enchantment with formal mathematical modeling.

That this enchantment is overly strong is revealed by

William Baumol's 1986 review of Williamson's magnum opus, *The Economic Institutions of Capitalism*. Although Baumol praised the book as a path-breaking contribution, he regretted that it offers no formal models. But, observed Baumol, "absence [of formal models] is not to be ascribed to the inability on the part of the author, who in the past has shown himself to be a master of the pertinent techniques." [William J. Baumol, "Review: Williamson's *The Economic Institutions of Capitalism*," *Rand Journal of Economics*, Vol. 17 (Summer 1986), pp. 279-286. The quotation is found on page 285.]

There you have it. Williamson's book is wonderful - and more trustworthy because its author knows math. But, by golly!, wouldn't it be even better if it were formalized?

I, for one, learned far more from any one of Williamson's non-formalized works than I have from any 100 formal models.

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12 October 2009

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

To the Editor:

On his NYT blog "Freakonomics," Steven Levitt admits that, until today, he'd not heard of new Nobel laureate economist Elinor Ostrom. He also declares that Ms. Ostrom's work is social science but not economics.

Levitt's statements reveal the unscientific narrowness of modern economics.

Doing extensive field work, Ostrom documents that human beings are remarkably creative in solving problems privately that textbooks insist can be solved only by government action. Studying these broader 'non-textbook-market' ways of cooperating for mutual gain is what 1986 Nobel economist James Buchanan has long insisted is central to what economists should do. Alas, Buchanan's plea for a broader understanding of the economy and markets - and, hence, for a broader scope of economic investigation - has fallen largely on deaf ears.

Thank goodness that Lin Ostrom was among the relatively few who listened.

12 October 2009

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

To the Editor:

Paul Krugman's history of the Great Depression and his interpretation of today's intellectual debate over that episode are untrustworthy ("Misguided Monetary Mentalities," Oct. 12).

For example, contrary to Mr. Krugman's astonishingly uninformed assertion, government spending was not "slashed" during the early years of the Great Depression. Under President Herbert Hoover (1929-1933) real per-capita federal spending rose by 82 percent - larger than the 74 percent rise in real per-capita federal expenditures from 1933-1940. [See Randall G. Holcombe, "The Growth of the Federal Government in the 1920s," *Cato Journal*, Vol. 16, Fall 1996:

<http://www.cato.org/pubs/journal/cj16n2-2.html>]

Also contrary to Mr. Krugman's implication, no serious economist today endorses a repeat of the early 1930s money-supply contraction. For Mr.

Krugman to lump arguments for monetary stability - arguments against further increases in the supply of money - in with proposals for active

deflation is ludicrous and unworthy of a Nobel laureate.