



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.

8 March 2009

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

To the Editor:

Jeffrey Sachs correctly insists that "the numbers don't add up" to support Paul Krugman's claim that the current economic crisis is caused by Asians' "oversaving" (Letters, March 8).

But both Messrs. Sachs and Krugman ignore the deeper question: How can savings be excessive? If people are frugal, entrepreneurs might have

difficulty luring them to buy greater quantities of output, but surely these entrepreneurs can find ways to use the saved resources to improve the efficiency of producing those goods and services that consumers DO buy. Frugal consumers, after all, will be especially eager to patronize producers who lower their prices. And a large supply of saved resources is just the ticket to create the greater efficiencies that make possible these lower prices.

Scholars such as J.M. Keynes have speculated that savings can be excessive, but I know of no

hard evidence that these speculations are valid.

7 March 2009

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

To the Editor:

Noting that the eleven economists you asked to predict when the recession will end each gave a different answer, Christopher Cook concludes that economics is akin to astrology (Letters, March 7).

This conclusion is understandable because

we economists too often mistakenly believe that we - like astronomers - possess knowledge of facts and interrelationships that is sufficiently detailed to allow us to make precise predictions. But as the late Nobel economist F.A. Hayek argued, the economy is far too complex ever to allow for successful, detailed predictions of specific future events.

Mr. Cook's conclusion is also unjustified because economics DOES provide a systematic and vital way of interpreting real-world events and of making general, if conditional, predictions - predictions such as "if the demand for wool rises, all other things unchanged, the price of mutton will fall."

Those economists who pretend to know more than they can possibly know do a disservice to those of us who, like all good scientists, understand the limits of our knowledge.

6 March 2009

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

To the Editor:

How distressing that so many Americans believe that government-supplied universal health care will make medical treatments more accessible to ordinary Americans ("Obama Calls to Overhaul Health-Care," March 6). Does anyone believe that food would become cheaper and more abundant if we socialized agriculture? Would we enjoy more entertainment if we socialized Hollywood, Broadway, and Nashville? Would kitchen appliances suddenly become free if government gave us universal kitchen-appliance insurance?

Adam Smith, in *The Theory of Moral Sentiments*, lamented that people are easily duped by the promises of alluring Great New Systems. Such people, Smith says, "are commonly intoxicated with the imaginary beauty of this ideal system, of which they have no experience, but which has been represented to them in all the most dazzling colours in which the eloquence of their leaders could paint it. Those leaders themselves, though they originally may have meant nothing but their own aggrandisement, become many of them in time the dupes of their own sophistry [Sen. Kennedy,

perhaps?!], and are as eager for this great reformation as the weakest and foolishhest of their followers." [Adam Smith, *The Theory of Moral Sentiments* (Indianapolis: Liberty Fund, 1976 [1759]), p. 379]

6 March 2009

News Editor, WTOP Radio
Washington, DC

Dear Sir or Madam:

Interviewed today during the 7am hour by Bruce Alan and Mike Moss, "Meet the Press" host David Gregory attributed at least some of the slide in the stock market to Treasury Secretary Geithner's failure to fill some deputy posts in his Department. How naïve.

Mr. Gregory's understanding of markets reflects the antediluvian belief that all order is designed and, to keep functioning, must be controlled by visible hands. But, in fact, the functioning of markets doesn't depend upon government officials controlling or even overseeing things. Quite the contrary. The market's recent fall is more likely the result of far too MUCH 'oversight,' regulation, and

meddling by politicians and
their underlings.

5 March 2009

Editor, Washington Times

Dear Editor:

Howard Wooldridge
correctly highlights many of
the regrettable
consequences of the "war
on drugs" - not the least of
which is greater violence
(Letters, 5 March).

But let's be clear: the main
reason all drugs should be
legalized is that in any
country with any
pretensions of valuing
freedom, what any person
smokes or ingests or
injects is the business only
of that person and his or
her family. It is
emphatically NOT the
business of government. If
I want to eat arsenic
appetizers and then wash
them down with a keg of
kerosene, that's MY
business. Likewise if I
want to smoke pot, snort
cocaine, drink moonshine,
or consume any other
substances declared by the
state to be 'illegal.' As a
free human being I reserve
the right to do what my
body what I choose, and I'll
be damned if any politician
(or any other officious
busybody) will stop me.

4 March 2009

Editor, Washington Times

Dear Editor:

Asserting that capitalism
corrupts, Daniel Gallington
alleges that "the economic
power of the private sector,
especially if unsupervised,
is unable to prevent itself
from exploiting whatever
ways are found to take lots
of easy money out of our
economy in the short term,
especially if our
government allows it. And
that is what happened"
("How capitalism corrupts,"
March 4).

I offer a very different
thesis: at the root of the
problem is the power of the
Federal Reserve to put lots
of easy money INTO our
economy - new money that
creates asset bubbles and
inflation, and warps
private-sector decision-
making by distorting prices.
And that is what happened.

Capitalism doesn't corrupt;
central banking does.

4 March 2009

Editor, Baltimore Sun

Dear Editor:

Because she's "outraged
by the exorbitant sums that
are paid to CEOs and to

upper management in the
United States," Susan
Talbot asks your
newspaper "to summarize
the salaries and benefits
paid to the top 100 CEOs
in the nation" (Letters,
March 4). Her reason is
that "People need to have
facts to be able to protest
and effect change."

If Ms. Talbot has not yet
seen these data, then she
clearly has reached a
conclusion based on mere
supposition rather than
facts. If, on the other hand,
she HAS seen these data,
she likely found them by
doing what anyone seeking
such information for
publicly traded companies
can do free of charge: go
to the Securities and
Exchange Commission's
website. There's little
reason for you to devote
ink and paper to reporting
such facts.

Oh, and if Ms. Talbot truly
is outraged, she can buy
shares of these privately
owned companies and
then protest executive
compensation legitimately,
as an owner, rather than
cheaply as a non-owning
busybody.

3 March 2009

Editor, Foxnews.com

Dear Editor:

President Obama today offered investment advice, declaring that "What you're now seeing is a profit and earnings ratios get to the point that buying stocks is a good thing if you have a long-term perspective on it" ("Obama: It's a Good Time to Buy Stocks," March 3).

Having no expertise at investing, Mr. Obama's must believe that living in the White House imbues him with magical powers of insight. Persons much more experienced at investing than Mr. Obama are mostly selling rather than buying - a fact that suggests that Mr. Obama's arrogance overwhelms his abilities. What's next? Will he offer chef Mario Batali tips on making soufflés? Instruct Bruce Springsteen on writing music? Advise Joe Torre on the intricacies of baseball?

2 March 2009

Editor, Washington Times

Dear Editor:

The Dow fell another 300 points today ("Dow plunges nearly 300 to close below 6,800," March 2). This fact means that the Dow is down 41 percent since the first trading day in September (the month in

which the Bush administration and the Fed shifted wildly into a mad mode of bailouts, "stimulus," and money creation), down 30 percent since Barack Obama's election, and down 15 percent since Mr. Obama took office.

Who really knows why? But paraphrasing a question asked by my colleague Bryan Caplan, at the blog EconLog, [http://econlog.econlib.org/archives/2009/03/departments_of_d.html] I ask: If laissez-faire policies had been the order of the day since early September, would not politicians, pundits, and "progressive" preachers be unified in their angry assurance that such a decline was caused by the free market and would have been avoided had only Uncle Sam bailed firms out and stimulated the economy with go-gobs more spending and faster money-supply growth?

2 March 2009

Friends,

This YouTube clip (just over four-minutes long) is one of the funniest things I've seen in a long, long time AND one of the most profound. It's of the

comedian Louis C.K. and Conan O'Brien:

<http://www.youtube.com/watch?v=LoGYx35ypus>

This is, truly, a must-see.

2 March 2009

Americas Editor, BBC News

Dear Sir or Madam:

Accompanying your report on Hugo Chavez's seizure of privately owned rice mills is a picture of the smiling dictator; the picture is captioned "President Hugo Chavez has instituted sweeping reforms in 10 years in power" ("Chavez sends army to rice plants," March 1).

"Sweeping reforms"? You make Senor Chavez sound as though he's a Gandhi or a Thatcher. In fact, he's a thieving gangster. If the leader of, say, the Crips instructed his thugs to seize all the liquor stores in South Central L.A., would you describe this creep as having "instituted sweeping reforms"?

2 March 2009

Editor, Washington Post

Dear Editor:

Supporting Pres. Obama's efforts to "redistribute" incomes, E.J. Dionne quotes an administration official: "'Over the past two or three decades, the top 1 percent of Americans have experienced a dramatic increase from 10 percent to more than 20 percent in the share of national income that's accruing to them,' said Peter Orszag, Obama's budget director. Now, he said, was their time 'to pitch in a bit more'" ("The Re-Redistributor," March 2).

This "Progressive" mindset poisons sound thinking.

First, in market economies incomes aren't "distributed"; they're produced and earned. Second, persons whose earnings rise disproportionately more than those of other persons generally achieve this outcome by increasing their production disproportionately more than other persons increase theirs; the fact that someone's income rises means that he or she already is pitching in more. Third, the share of federal individual income-tax revenues paid by America's top one-percent of income earners has recently been on the rise. In 2006 (the latest year for

which data are available) this tiny group of Americans paid a whopping - and all-time high - 39.9 percent of such taxes.

[<http://cafehayek.typepad.com/hayek/2008/07/tax-facts-to-re.html>]