



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.

15 March 2009

Editor, Washington Post

Dear Editor:

In your "Conversation With Nassim Nicholas Taleb" (March 15), Mr. Taleb rightly warns against taking seriously any specific macroeconomic predictions made by economists. But I'm surprised that Mr. Taleb identifies Nouriel Roubini as an exception to this rule - as an economist who "got it right" when it came to predicting today's economic downturn.

Roubini has predicted economic Armageddon for years now, so he did not

accurately predict the timing of this downturn unless you regard incessantly screaming "we're doomed" to be an accurate prediction. And he got important details wrong. For example, as recently as 2005 he predicted that the "hard landing" would occur because foreign holders of dollar-denominated assets would start to diversify out of these assets, leading (in his words) "to a sharp fall in the value of the U.S. dollar [and] significantly higher U.S. long-term interest rates."

[\[http://online.wsj.com/public/article/0,,SB111202112287190860,00.html\]](http://online.wsj.com/public/article/0,,SB111202112287190860,00.html) None

of these things has happened.

14 March 2009

Editor, New York Post

Dear Editor:

Representative Pelosi's and Waters's recent spasms of hypocrisy would not have surprised the greatest journalist in American history, H.L. Mencken. Recalling his first personal contacts with homo politicus, Mencken confessed that he "had never suspected, up to then, that frauds so bold and shameless could flourish in a society presumably Christian, and

under the eye of a putatively watchful God." [H.L. Mencken, *Heathen Days* (Baltimore: Johns Hopkins University Press, 1996 [1941]), p. 279]

13 March 2009

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

To the Editor:

You report that "New York State Attorney General Andrew Cuomo is in discussions with Rep. Barney Frank and other lawmakers on a plan to tie Wall Street pay to the long-term performance of the firms" ("Cuomo, Frank Seek to Link Executive Pay, Performance," March 13). But lest anyone conclude that Messrs. Cuomo and Frank propose giving government excessive power, we're assured that "A person close to Mr. Cuomo said change is needed but the intent isn't to micromanage or interfere with the private sector."

Reality is not changed by dishonest disclaimers. Suppose that I threaten to break my neighbor's kneecaps if I determine that the weekly allowance he gives to his children is too high.

Should he be reassured if my threat is accompanied by an announcement that my intent isn't to interfere in his private life?

10 March 2009

Editor, Washington Post

Dear Editor:

Your headline reads "U.S. to Toughen Its Stance On Trade" (March 10). Sounds great, doesn't it? Who wants their government to be pushed around by bad guys?

Trouble is, "getting tough on trade" is a euphemism for government getting pushed around by bad guys. When government "toughens" its trade posture, it always does so under pressure of organized producer groups - producers too frightened and too greedy to compete against foreign rivals - producers too namby-pamby to vie for consumer demand without government making it tougher for its own citizens to get the most for their money.

For the U.S. "to toughen its stance on trade" is for Uncle Sam, bullied by special interests, to thumb his nose at ordinary

Americans while barking at them "tough luck."

10 March 2009

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

To the Editor:

Paul Krugman claims that the "stimulus" plan is failing because it's "too small and too cautious" ("Behind the Curve," March 9). To support this claim, he points to the continuing loss of jobs.

If Keynesian theory (upon which the stimulus plan is based) were correct, insufficiently large deficit spending would indeed fail to restore full employment - but it would restore SOME employment. Contrary to Mr. Krugman's insinuation, in a Keynesian world deficit spending delivers benefits even if it is too small to deliver maximum possible benefits.

So the continuing slide of the economy in the wake of hundreds of billions of dollars of stimulus spending suggests that Keynesianism is invalid.

9 March 2009

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

To the Editor:

Paul Krugman insists that the current stimulus plan will fail because it is too small ("Behind the Curve," March 9). We non-Keynesian economists also believe that it will fail, but for very different reasons: the chief problem is less one of deficient aggregate demand than it is one of coordination of the plans of producers with the (non-bubblicious) demands of consumers.

Economic prosperity requires that workers whose jobs were created by the bubble must now be redeployed into jobs that are sustainable. Stimulus spending does nothing to promote this greater coordination of economic activities - and, by promising higher taxes or higher inflation in the future, likely interferes with the economy's capacity to coordinate.

9 March 2009

Friends,

This short video describes a nationalized Citibank -- very funny. (NOT for

viewing within earshot of children!)

<http://www.funnyordie.com/videos/c130f64d6f/the-new-f-ing-citibank>

(HT to the Mercatus Center's Dan Rothschild)

9 March 2009

Mr. Charles Osgood
CBS News

Dear Mr. Osgood:

Interviewed today on "The Osgood File," Dr. Irving Weissman said that Pres. Obama's lifting of the ban on federal funding for stem-cell research will "take politics back out of science."

Nonsense. While I don't object to stem-cell research, it's Orwellian newspeak to describe government funding of it - or of anything else, for that matter - as representing a retreat of politics. The decision to spend taxpayer dollars on such research is every bit as political as was the Bush administration's decision not to do so.

Furthermore, it's naive to suppose that researchers dependent upon government largesse will be free of political pressures.

9 March 2009

Friends,

In today's edition of USA Today, I argue against nationalizing banks: <http://blogs.usatoday.com/oped/2009/03/keep-the-banks.html#more>