



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.

7 February 2010

Friends,

My GMU, Center for Study of Public Choice, and Mercatus Center colleague Tyler Cowen -- writing in today's New York Times -- eloquently uses public-choice economics to explain recent political events:

<http://www.nytimes.com/2010/02/07/business/economy/07view.html?emc=eta1>

Here's a key 'graf:

"For all the anecdotal evidence, it's hard to show statistically that money has a large and systematic influence on political outcomes. That is partly because politicians cannot

stray too far from public opinion. (In part, it is also because interest groups get their way on many issues by supplying an understaffed Congress with ideas and intellectual resources, not by running ads or making donations.) It is quite possible that the court's decision won't affect election results very much."

7 February 2010

Friends,

Of the 2,000+ blog posts that I've done over the past six years, here is my favorite -- the one of which I'm most proud:

<http://cafehayek.com/2010/02/geaux-saints.html>

Silly, I know. But sincere. And fun.

6 February 2010

Friends,

In my previous letter I unfairly impugned the character of Our Dear Leader. Details here: <http://cafehayek.com/2010/02/she-chose.html>

6 February 2010

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

To the Editor:

You open your report on the President's continued

push for health-care reform with the following account: "For a moment, President Obama's pledge to keep fighting for major health care legislation got personal on Thursday night as he told supporters at a fund-raiser about a former campaign worker in St. Louis without health insurance who had died of breast cancer. 'She insisted she is going to be buried in an Obama T-shirt,' he said.... 'How can I say to her, 'You know what, we're giving up'?" ("Democrats Ask, Can Health Care Bill Be Saved?" Feb. 5).

What have we here? A politically successful multimillionaire stands idly by as an employee - who seems also to have been Mr. Obama's personal acquaintance - dies because she cannot afford proper medical care. Then Mr. Obama deploys this tale of woe not to apologize for, or to criticize, his own failure to help a friend but, instead, to criticize millions of other people who never met this woman for THEIR failure to pony up for her health insurance.

A truly ethical person voluntarily sacrifices from his own purse to help others when appropriate. And he never pretends that

he fulfills his ethical duties by calling upon the state to compel people to do what he himself refuses to do voluntarily.

5 February 2010

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

To the Editor:

You report that "The U.S. and Canada ... reached a preliminary deal to settle what had become an acrimonious dispute over 'Buy American' provisions in the U.S. stimulus package. The deal, if approved, will give companies on both sides of the border access to government procurement contracts at the state and local levels" ("U.S., Canada Reach Deal on 'Buy American'," Feb. 5).

In other words, Washington agrees that it will spend Americans' tax dollars wisely - that is, get the most value in return for each dollar spent - ONLY IF Ottawa does the same with Canadians' tax dollars. If instead Ottawa had stubbornly insisted on wasting Canadian taxpayer dollars by refusing to buy lower-priced goods and services from Americans,

Washington would have boasted of its commitment to continue wasting American taxpayer dollars by refusing to buy lower-priced goods and services from Canadians.

This sort of Dali-esque surrealism of government behavior is ignored by the public and the punditry only because it is all too common.

5 February 2010

Friends,

I don't often send such clips when done by non-GMU economists, but this six-minute-long video of Milton Friedman explaining free trade is spectacularly good:

<http://cafehayek.com/2010/02/milton-friedmans-solid-steel-argument-for-free-trade.html>

If you already understand and accept the case for free trade, enjoy this video for its lessons in how to structure a compelling argument. If you don't understand or accept the case for free trade, watching this video will give you serious and, likely, productive pause.

This second video is of my former GMU research assistant, Mark Perry,

taking on 'Big Sugar' on
CNBC:

<http://mjerry.blogspot.com/2010/02/blog-post.html>

5 February 2010

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

To the Editor:

Robert Reich asserts that it is "facile" to object to the Keynesian insistence that high unemployment requires stimulus spending ("The Necessity of Obamanomics," Feb. 5).

Today's troubles have indeed stimulated a resurgence of Keynesian economics. But contrary to Mr. Reich's implication, Keynesian analysis is no scientific verity on par with, say, the laws of thermodynamics. Many prominent economists, several with Nobel prizes, question the method and assumptions - and, hence, the prescriptions - of Keynesianism.

Some of these economists emphasize that every dollar that government spends is a dollar taken from someone who had plans for that dollar, and so it's unlikely that government spending

raises overall demand. Others of these economists emphasize that, if private-sector spending are too low, the problem is not "animal spirits" so much as it is taxes and regulations (both actual and threatened) and excessive government spending itself that make consumers and investors leery of the future. Yet other of these economists focus on the market's ability to restore itself to health once it rids itself of inappropriate investments.

Non-Keynesian economists might be mistaken. But the plausibility of their arguments, and the prominence of many in their ranks, means that Mr. Reich's summary dismissal of them is, well, facile.

4 February 2010

Editor, Proactive Investors
Australia

Dear Sir or Madam:

Your writer with the nom de plume "Metals Place" worries about a chronic shortage of rare earth elements: "According to information received by The Independent, by 2012 China may cease all exports of rare earth elements, reserving them for its own economic

expansion" ("Global Supply Of Rare Earth Elements Could Be Wiped Out By 2012," Jan. 27).

Mr. Place should chill out.

The Chinese export large quantities of rare earth elements because such exports are profitable. Therefore, if the Chinese stop exporting these elements in order that these elements be used only in China, the Chinese would sacrifice the profits that they now earn by exporting these elements.

Because the economic gain to China from exporting rare earth elements obviously outweighs the cost to China of doing so - for otherwise China would not profit by exporting them - were the Chinese to decide to keep all of these elements in China, as Mr. Place fears, they would obstruct rather than promote the expansion of their economy.

4 February 2010

Friends,

Here's a great three-minute video -- a "mockumentary" -- done by GMU Economics undergrad Mark Maranta. It recently won a video contest

sponsored by the Fraser Institute.

<http://www.youtube.com/watch?v=olCmbcd4L0U>

Enjoy!

4 February 2010

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

To the Editor:

Gail Collins rightly laments that "Cutting a federal program is next to impossible" ("Florida, We Have a Problem," Feb. 4). And she offers several bipartisan examples of how this program and that project wastes taxpayer money, serving no goal other than fattening some special-interest lobby and promoting the reelection of some venal Representative or Senator.

Ms. Collins seems to understand that such dysfunctionality is in the nature of the beast perched atop Capitol Hill - a fact that prompts the question: Why does Ms. Collins favor greater government control over the health-care industry? Why does she trust, say, Sen. Schumer's input into, and support of, major health-care "reform" when

this same Sen. Schumer incurs her appropriate wrath for his anti-social politicking on behalf of a small Rochester clothier?

Giving a common purse-snatcher access to an unusually large number of people carrying purses doesn't transform that purse-snatcher into an Albert Schweitzer.

4 February 2010

Friends,

My GMU colleague Tom Hazlett -- boasting, by the way, one of the wittiest pens in the business -- defends Google's decision to pull out of China; Tom's essay appears in the Financial Times:

http://www.ft.com/cms/s/0/ac353f1e-1052-11df-841f-00144feab49a.html?nclick_check=1

3 February 2010

Editor, USA Today

Dear Editor:

You quote Robert Reich's lament about U.S. politics: "Washington is so overrun by lobbyists representing moneyed interests that it's become almost impossible to make policy in the open.... When it comes to the long-term deficit,

Congress is incapable of acting. But the answer isn't to give up on democracy.... The real answer is to recommit ourselves to cleaning up democracy" ("Et cetera," Feb. 3). Nonsense.

Imagine a raffle with the winning ticket paying its holder \$1.00. People will not spend much for the opportunity to win this sum. No spending restrictions or exhortations about ethics are necessary to keep spending down.

Now suppose that the winning raffle ticket will pay its holder \$1,000,000,000. People will spend lavishly for the opportunity to win this humongous bounty. No spending restrictions or sermonizing about the evils of buying a chance at access to a huge sum of money will prevent such spending. People will find ways around whatever barriers are erected.

If you doubt this fact, imagine that you know that you hold the winning billion-dollar raffle ticket but, because of your family name, are unable personally to redeem it. Will you simply give that ticket to some lucky passerby? Will you transfer it to someone who impresses you with a

beautiful speech? Will you be content to sell it for, say, \$100? Or will you find some way to sell it for cash and resources together worth \$1 billion to you?

You know the correct answer.

2 February 2010

Friends,

My GMU colleague Larry White -- one of the world's leading scholars of money and banking and author of the 1984 pioneering work FREE BANKING IN BRITAIN -- talks with another of my GMU colleagues, Russ Roberts, on this podcast about business cycles and money:

http://www.econtalk.org/archives/2010/02/larry_white_on.html

Larry's voice and wisdom on this matter are not to be missed.

2 February 2010

Editor, USA Today

Dear Editor:

Concerned about the size of Uncle Sam's budget deficit, you say that "It's time for an adult conversation about federal taxes and spending" ("Obama's big fiscal deficits reflect bipartisan failures," Feb. 2). Yes. But no such conversation will take place where it matters most: in Washington.

Adults' conversations about financial matters are mature and responsible

because adults typically earn and spend their own money. Children's conversations about financial matters are childish and irresponsible largely because children live off of wealth earned by adults. "Buy me this toy!" "Get me that dress!" "Take me to DisneyWorld!" - children too frequently issue selfish demands such as these precisely because children have little to lose by doing so. If these demands are met, other people foot the bills.

Politicians' and interest-groups' conversations about taxes and spending are childish for the very same reason: the money they spend belongs to other people.

1 February 2010

Professors Julian D. Marshall, Ryan D. Wilson, Katie L. Meyer, Santhosh K. Rajangam, Noreen C. McDonald, Elizabeth J. Wilson
Department of Civil Engineering
University of Minnesota
Minneapolis, Minnesota
55455

Dear Professors:

I just read your paper entitled "Vehicle Emissions during Children's School

Commuting: Impacts of Education Policy," published in the journal Environmental Science & Technology.

In this paper you argue that increased school choice - by promoting more vehicular traffic - might have a detrimental impact on the environment. As such, you suggest that policies to enhance school choice not be adopted unless and until they pass environmental muster.

Your insight is a real eye-opener, with implications far beyond the narrow issue of K-12 school choice!

For example, why limit your study to proposals for K-12 educational choice? Too many young men and women who leave home to attend college surely commute too far - some actually going across the country! - thus poisoning everyone's lungs in their selfish quest to attend the colleges of their choice. Your research will likely discover that it's best to prohibit Americans from attending colleges far from home.

And why stop with education? Perhaps your next study can be on the environmental impact of

supermarket choice. After all, with people free to drive wherever they wish to buy groceries, it's almost certainly the case that too many of us drive hither and yon unnecessarily, wasting our time and fouling the air. I'll bet that your research will show that restricting each American to shopping only at that supermarket nearest his or her home will reduce vehicular emissions and, hence, help the environment.

Indeed, the possibilities suggested by your research are infinite. No telling how much filth is spit into our environment everyday by people needlessly driving to churches, restaurants, shopping malls, physicians' offices, night clubs - even friends' homes - when they could easily go to churches, restaurants, etc. - and even to the homes of friends - who are located closer to their where they live.

I look forward to reading your follow-up research.

1 February 2010

Editor, Boston Globe

Dear Editor:

James Carroll's remembrance of Howard

Zinn is nicely done ("Zinn's life was a testament to possibility," Feb. 1). But it should be pointed out that Zinn's healthy refusal to take at face value the many popular justifications for war sat quite uneasily with his eagerness to accept at face value the many popular justifications for government intrusions into the economy.

Were Zinn still alive, I would ask him why the very same government that he believes scurrilously, cold-bloodedly, and deceptively sends young people off to die in unjustified wars is to be trusted on the home front with the task of rearranging America's own economy and society.

Seems to me that an evil brute pointing guns at foreigners remains an evil brute when he turns 'round to point those guns at fellow citizens.

1 February 2010

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

To the Editor:

Trying to paint a more accurate portrait of economists working today

in the tradition of Adam Smith, Anand Giridharadas manages to sketch a caricature fit only for a comic book ("Selling Short a Humanistic Economist," Jan. 30).

Mr. Giridharadas is correct to suggest that Smith never regarded greed as a virtue. But the same is true for all serious economists working in the Smithian tradition. Like Smith himself, economists working in this tradition are realists: they understand that the typical person simply does not have an unlimited capacity for benevolence – and so, to prompt each of us to work for the benefit of strangers, we each must perceive some potential for personal gain. In light of these facts, Smith's great lesson is that this self-interest is best harnessed for the greater good when property rights are secure and markets are free.

And Smith well understood that the same "greed" that free markets channel into socially useful conduct is unleashed into a riot of ruinous behaviors whenever markets are suppressed by politicians.