



**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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1 May 2011

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

Dear Editor:

Kathleen Parker is understandably disgusted that so much public discourse is driven by buffoons such as Donald Trump who appeal to Americans who are, as Ms. Parker notes, "unconvinced by facts" ("Birthers, buffoonery and a sad discourse," May 1).

The problem, however, extends beyond the rantings of megalomaniacs with no prospect of winning office. It includes also the rantings of megalomaniacs

who succeed in winning office.

Consider, for instance, claims by Sen. Sherrod Brown (D-OH) and Bernie Sanders (I-VT) that American manufacturing is declining and that the way to fix this alleged problem is with higher tariffs. There is NO factual basis for their assertions that 1) Americans no longer manufacture enough stuff (the real value of U.S. manufacturing today is at an all-time high); 2) that America is economically successful the greater are the number of manufacturing jobs 'created' in America (Do Messrs. Brown and Sanders encourage their children to work on the factory floor instead of

becoming doctors or web-designers?); and 3) that protecting domestic producers from foreign competition promotes economic growth (see the past 235 years of intense economic research into this matter).

So while Ms. Parker justifiably laments the reality that many Americans remain "unconvinced by facts" regarding Mr. Obama's birthplace, this idiocy is just one of many bits of evidence that politics is a circus run by clowns performing stunts for gullible audiences.

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30 April 2011

Mr. Olaf Storbeck

Dear Storbeck:

In your post "How Free Trade killed the Buffalo," you link to a paper (forthcoming in the American Economic Review) by M. Scott Taylor on the late-19th-century slaughter of bison in America. You describe Taylor's paper as showing that "the most important driver of the extinction of the American bison was technical innovation, globalisation and unfettered capitalism."

Although I can pick nits with Taylor's paper, I read it not as a morality tale about what an unholy trinity "technical innovation, globalisation and unfettered capitalism" are, but, rather, as describing an historical instance in which capitalist institutions WORKED.

Yes, innovation that allowed for the successful tanning of bison hides prompted hunters to slaughter more bison in order to help meet the global demand for leather. (This increased hunting of bison - contrary to your inexplicable assertion that "the law of supply and demand was not working" - was perfectly predictable. Any other response would

have been bizarre.) And for a while this increased hunting did indeed reduce the size of bison herds to dangerously low numbers. But only for a while - as Taylor himself notes when describing the "numerous private parties who found buffalo to be such a valuable resource that they established property rights on their own by capturing and then breeding live buffalo. Several entrepreneurial ranchers in the 1870s and 1880s established private herds that, until federal legislation arrived in the mid 1890s, probably saved the buffalo from extinction." [M. Scott Taylor, "Buffalo Hunt: International Trade and the Virtual Extinction of the North American Bison," manuscript, University of Calgary (Jan. 2011), p. 33]

Taylor needn't have qualified his conclusion with the word "probably." Such private property rights CERTAINLY saved bison from extinction. Private owners of bison are no more likely to let their herds be slaughtered to extinction than are Frank Perdue and other private owners of chickens to let their flocks be slaughtered to extinction.

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29 April 2011

Mr. "Mikiesmoky"

Dear "Mikiesmoky":

I don't know how I got on your e-mail list; perhaps you wish to convert me to your protectionist creed. If so, you'll fail as long as you write things such as the following: "When a consumer, within the U.S., expends energy by purchasing a television for \$1,500, about \$1,000 of that energy is transferred to China. When this energy is transferred offshore, it results in a reduction of our national energies."

Nonsense. Imports don't 'reduce' our 'national energies' by 'transferring' them to foreigners. Instead, imports CONSERVE those energies and channel them into more productive uses.

Are your 'household's energies' reduced when you buy food from Safeway rather than grow your food yourself? Do such purchases 'transfer' your 'household's energies' to Safeway? Of course not. By importing food into your household from Safeway, you SAVE 'energy.' You have more energy available to expend producing other things - things whose production

consumes less of your 'energy' per unit produced than would the food you'd have to produce yourself if you foolishly stopped importing food into your household from Safeway.

So your story is backwards. Free trade conserves our 'national energies' so that they can be used where they are needed most, namely, producing those goods and services that foreigners cannot produce as inexpensively as we can. Protectionism wastes those energies, making us poorer.

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28 April 2011

Editor, USA Today

Dear Editor:

Rep. Howard "Buck" McKeon complains that Pres. Obama wants to cut \$400 billion from the Pentagon's budget over the course of 12 years; Mr. McKeon calls this sum "jaw-dropping" ("Obama cuts would gut U.S. defense," April 28).

Perhaps Rep. McKeon will jack his jaw up off the floor when he recognizes that \$400 billion in cuts spread over a dozen years amounts to an average annual cut of only \$33.33

billion, or 3.7 percent of the Pentagon's budget.

And if that fact doesn't suffice to keep Rep. McKeon's jaw from dragging, perhaps this fact will: Pres. Obama's proposed "cut" amounts to being a proposal only to prevent the Pentagon from getting automatic increases its baseline budget (although it will still get increases to adjust for inflation). As Reason.com's Shikha Dalmia says, "In a sane world this would be considered lame, not radical, especially since the Pentagon's core budget has doubled since 9/11." [<http://reason.com/archives/2011/04/26/keep-your-hands-off-my-drone> ]

But politics - as practiced by conservatives no less than "liberals" - is fundamentally insane.

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28 April 2011

Friends,

My GMU Econ colleague Russ Roberts's latest Hayek-Keynes rap video (which he did with the talented John Papola - whose father portrays The Bernank in the video) is getting lots of top media attention. Here are two links to such; the first at

PBS, and the second at the New York Times.

<http://www.pbs.org/newshour/businessdesk/2011/04/keynes-vs-hayek-round-2.html>

<http://economix.blogs.nytimes.com/2011/04/28/keynes-vs-hayek-a-rap-battle-renewed/>

Which way should we choose....

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28 April 2011

Friends,

My GMU colleague (and co-blogger at Cafe Hayek), Russ Roberts, and his co-producer John Papola, just released their second Hayek-Keynes rap video - filmed on location in Newark, NJ, and with cameos by some excellent economists.

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

Enjoy!

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27 April 2011

Dear Ritz-Carlton:

Thanks for your e-mail celebrating your and your employees' participation in "Give Back Getaways" - activities in which you and your employees (along with

some of your customers)  
"give back to the  
community."

Have you taken something  
that doesn't belong to you?  
If so, by all means give it  
back! (But please don't  
applaud yourself for doing  
so.) If, though, you've not  
taken anything that doesn't  
belong to you, you possess  
nothing that you can give  
BACK.

Being a profitable  
corporation, you certainly  
possess something that  
you can GIVE; and I  
applaud the generosity that  
prompts you, your  
employees, and your  
customers to GIVE.

But, please, unless your  
profits are the product of  
dishonest deals or theft,  
please drop the rhetoric of  
"giving BACK." This sort of  
talk implies that you  
possess something that  
isn't rightfully yours. It  
fuels the common  
misapprehension that  
corporate profits are either  
ill-gotten gains or, at best,  
wealth subtracted from that  
of other persons in society.

Because the vast majority  
of market exchanges are  
positive-sum deals, your  
success at business  
means that you CREATE  
wealth. You value the \$\$\$  
you get for renting a hotel

room by more than you  
value keeping that room  
vacant, and your guests  
value the opportunity to  
spend a few nights in that  
room more than they value  
whatever else they might  
have bought with the \$\$\$  
they voluntarily paid to you  
for the room. You gain  
("profit"). Your guests  
gain. No one loses.  
Wealth is created.

By all means, GIVE if your  
shareholders approve. But  
stop calling it "giving  
BACK." Your profits aren't  
pirate booty; they're  
legitimate earnings.

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27 April 2011

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

Dear Editor:

Stephen Stromberg is  
correct that the recent run-  
up in gasoline prices isn't  
the fault of President  
Obama ("President Obama  
says that gas prices reflect  
supply and demand," April  
27). But Mr. Stromberg is  
wrong to pity Mr. Obama  
for nevertheless being  
blamed by the public for  
their pain at the pumps.

Mr. Obama, like so many  
elected officials, won office  
by deluding voters with a  
grand image of a

government that, in the  
right hands, can fix nearly  
every problem that troubles  
the good people of this  
republic - a government  
that can fix all that is  
broken, can cure all social  
ills (and many physical  
ones, too), and can  
transform this vale of trade-  
offs, scarcities, chance,  
and imperfections into a  
paradise in which the only  
suffering is that of Evil  
Villains finally brought to  
justice for the depredations  
that they've for so long  
inflicted upon the pure,  
noble, all-deserving We the  
People.

Because Mr. Obama  
assured us that with him at  
the helm Uncle Sam's  
powers to "change" society  
would be vast and  
amazing, he deserves no  
pity for being held  
accountable for his inability  
to perform the marvels that  
he promised to perform.

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26 April 2011

Editor, Washington Times

Dear Editor:

Richard Rahn ("Risky  
unrealism") and Wayne  
Allyn Root ("The Marxist in  
the mirror"), each in his  
respective column today,  
tempts even the most  
optimistic amongst us to  
the precipice of pessimism.

From Mr. Obama's soak-the-rich class warfare through his demonization of speculators to his continued insistence that economic growth is best achieved when big government spends big bucks on big plans drawn up by Really Smart bigshots (such as Jeff Immelt), the president's hostility to free markets is rampant and dangerous.

What H.L. Mencken wrote about the dirigiste economic 'planning' and interventions uncorked in France in 1848 by that country's best and brightest geniuses applies to America today: "Every day they announced some new and grander scheme to bring in the millennium, and every day they abandoned some busted one. Meanwhile, the plain people went on looking for jobs, and not finding them.... Its goat was the French taxpayer. He had to pay, in the end, for all the crazy building of gaudy railway stations, and all that frantic dredging of rivers and digging of canals. Starting out with the thesis that the Rotten Rich were scoundrels and ought to be squeezed, the Brain Trust proceeded easily to the thesis that any man who had any property whatsoever was a

scoundrel, too, and ought to be squeezed equally. The rich, in the main, managed to escape, but the little fellow could not get away, and squeezed he surely was." [H.L. Mencken, "New Deal No. 1," in Mencken, ed., *A Mencken Chrestomathy* (New York: Knopf, 1949), pp. 212-213]

Plus ca change, plus c'est la meme chose.

26 April 2011

Editor, Foreign Affairs

Dear Editor:

Joseph Gagnon and Gary Hufbauer want Uncle Sam to tax incomes on Chinese holdings of U.S. financial assets ("Taxing China's Assets," April 25). The goal is to punish the Chinese for devaluing the renminbi by buying lots of U.S. assets.

Never mind that it would be gallingly hypocritical for Uncle Sam, who continues to borrow untold sums of money, to scold and punish a willing creditor. Instead, recognize that any attempts by Beijing to devalue the renminbi unavoidably come with their own built-in punishing tax: inflation. And as the New York Times reported

recently, China's inflation rate is indeed now rising ominously.

Inflationary increases in the supply of renminbi might or might not be due to a decision by Beijing to keep the exchange rate of the renminbi artificially low. But one thing's for sure: the increased supply of renminbi necessary to carry out the alleged exchange-rate manipulation needs no further taxes or penalties from Uncle Sam in order for the Chinese to be taxed for their interference in the market; the resulting inflation performs that punitive function just fine.

25 April 2011

Editor, The Wall Street Journal  
1211 6th Ave.  
New York, NY 10036

Dear Editor:

Randi Weingarten insists that "markets aren't the education solution" (April 25). Let's see. Suppose groceries were supplied in same way that K-12 education is supplied.

Property owners would pay taxes on their properties. Huge chunks of these tax receipts would be spent by government officials on

building and operating supermarkets. Each household would be assigned to a particular supermarket, from which it would get its weekly allotment of groceries for "free." (Department of Supermarket officials would determine the quantities and kinds of groceries that families of different types are entitled to receive.) Each family would be allowed to patronize only that "public" supermarket to which it is assigned.

Residents of wealthier counties would obviously have better-stocked supermarkets than would residents of poorer counties. Indeed, the quality of public supermarkets would play a major role in determining people's choices of neighborhoods in which to live. And, thanks to a U.S. Supreme Court decision, families would be free to shop at private supermarkets that charge directly for the groceries they offer. Private-supermarket families, however, would get no discounts on their property-tax bills.

When the quality of supermarkets becomes widely recognized to be dismal, calls for

"supermarket choice" would be rejected by a coalition of "Progressives" and public-supermarket workers; "supermarket choice" would be ridiculed as a right-wing ploy to deny ordinary families the ability to eat. Such choice, it would be alleged, drains resources from public supermarkets whose (admittedly) poor performance testifies to the fact that these supermarkets are underfunded.

The handful of radicals who call for total separation between supermarket and state would be accused by nearly everyone as being devils who are indifferent to the malnutrition and starvation that would sweep the land if government does not at least distribute vouchers for shopping at supermarkets.

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Does anyone believe that such a system for supplying groceries would work well? Surely not. So why do so many people continue to presume that government-supplied schooling (especially the way it is currently funded and supplied) is superior to market-supplied schooling?