



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.

6 August 2011

Friends,

One of my favorite features in the Wall Street Journal is its daily "Notable & Quotable." Today's notable quotable is from a recent graduate of GMU Econ's master's program, Ryan Young (who now works for the Competitive Enterprise Institute). Here's Ryan's quotation:

"Kids have been setting up lemonade stands for as long as there has been lemonade. But in recent years, regulators have started shutting them down. Robert Fernandes, a father of two, has had enough. That's why he has

declared August 20, 2011 to be Lemonade Freedom Day. For more information, visit LemonadeFreedom.org.

"Fernandes is encouraging kids and parents to set up lemonade stands that day without going through the permits, inspections, and fees that many towns require. . . . This is a minor battle, as these things go. But the same obstacles to lemonade freedom apply throughout the economy. Federal regulations alone cost nearly an eighth of GDP to comply with. That sizable burden is a major reason why the economy is still struggling. Lemonade Freedom Day is one way to

tell overzealous regulators to back off."

And here's the link:

<http://www.lemonadefreedom.com/>

3 August 2011

Friends,

Reuters asked me and a few other economists each to write between a 300- to 400-word response to Larry Summers's essay on the resolution (such as it is) of the debt-ceiling 'crisis.' Here are my two cents: <http://blogs.reuters.com/great-debate/2011/08/03/regretting-raising-the-debt-ceiling/>

3 August 2011

WorkingAmerican

Dear Mr. or Ms.
WorkingAmerican:

In your e-mail - inspired by my account of my grandfather [\[http://cafehayek.com/2011/08/capitalism-innovationism.html\]](http://cafehayek.com/2011/08/capitalism-innovationism.html) - you speculate that my late grandparents and parents would be "ashamed" of me were they still alive to see me (as you put it) "apologize for multinational corporations, the mega rich and other economic vermin." Unable to "fathom" how I "join ranks with the sworn enemies of poor and working Americans," you speculate that I am "paid well" to be a "mouthpiece for the exploiters."

In fact, because (as I gather you're aware) my parents both died only very recently, I can report confidently that neither of them were ashamed of me. Quite the opposite. Save for my support of open immigration and my disgust at most of the ways the U.S. military has been used in recent decades, my public writings enjoyed the strong approval of both of my parents.

A true story: when my father was laid off from his shipyard job in the mid-1970s, a neighbor who came to my parents' house for coffee one evening encouraged my mother to apply for Food Stamps. I'll never forget the look on mom's face and her response.

Her face alternated between expressions of disbelief (that anyone would suggest such a thing to her) and anger (that anyone would suppose that she would stoop to living off of the dole). "Jenny!" mom said firmly, "I don't care how bad things get, I'm not about to apply for Food Stamps. I'd be ashamed to use those things."

And ashamed she (and my father, and my grandparents) would indeed have been. It was shame sparked not from reading Milton Friedman or listening to Rush Limbaugh (neither of which they ever did); it came from the values that were instilled in them since childhood.

The world needs more people, like my parents and grandparents, who are ashamed to live off of government welfare.

So in fact, Mr. or Ms. WorkingAmerican, the values that you find so disagreeable in my writings are not values different from those of my parents; they are the very SAME values that guided mom and dad and that they passed on to their four children. My parents would be ashamed of me if I were instead (to again use your word) a "mouthpiece" for all of those who encourage individuals' dependency upon the state.

3 August 2011

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

Dear Editor:

Joseph McCartin describes Ronald Reagan's firing of the striking PATCO workers in 1981 as "the strike that busted unions" ("The Strike that Busted Unions," Aug. 3).

Historian McCartin's history is flawed.

Union membership as a percentage of all U.S. workers peaked at just above 32 percent in 1954. Since then this figure has fallen steadily. Today the percentage of all U.S. workers who are unionized is just under 12 percent, with no change in the rate of decline occurring in the early 1980s. Indeed, the rate of decline, if anything, EASED a bit starting in 1983.
[\[http://2.bp.blogspot.com/otfwl2zc6Qc/TUWbVZ16InI/AAAAAAAAAO4I/VxVIHEMn4lw/s1600/union.jpg\]](http://2.bp.blogspot.com/otfwl2zc6Qc/TUWbVZ16InI/AAAAAAAAAO4I/VxVIHEMn4lw/s1600/union.jpg) As for the percentage of government workers who are unionized, that figure has remained largely unchanged since the early 1980s rather than - as one would expect were Prof.

McCartin's tale true - fallen. ["In 1983, 36.7 percent of public employees were in a union. In 2010, the share was 36.2 percent."]:
http://www.realclearpolitics.com/articles/2011/02/27/big_labors_last_stand_scott_walker_public_unions_political_stakes_109045.html]

Regardless of its merits, if Reagan's firing of PATCO workers was a landmark event in "busting unions," that fact doesn't show up in the data.

2 August 2011

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

Dear Editor:

Paul Krugman's frequently made case for more government spending rests explicitly and unapologetically on Keynesian economics. So what are we to make of Mr. Krugman's advice - offered to counter those who insist that the regulatory, fiscal, and monetary policies of the past few years are diminishing investors' confidence in the economy - to "Pay no attention to those who invoke the confidence fairy" ("The President Surrenders," Aug. 1)?

A key component of Keynesian theory is what Lord Keynes himself famously called "animal spirits" - mysterious phantoms that, although invisible and non-quantifiable, dramatically affect the level of economic activity by messing with investors' minds.

By advocating a theory that relies heavily on disembodied imps called "animal spirits," Mr. Krugman has no business denying the existence of "the confidence fairy."

2 August 2011

Editor, The Chronicle of Higher Education

Dear Editor:

Todd Gitlin classifies the "Laffer curve" as a "crackpot idea," thereby implying that only crackpots deny that raising tax rates always increases - or at least never decreases - government's tax receipts ("Expertise, Dogma, and the Journalism of Crackpot Ideas," July 31).

Contrary to Mr. Gitlin's apparent misconception, the Laffer curve does not demonstrate that ALL cuts in tax rates increase tax

receipts. It demonstrates, rather, that tax rates CAN be so high that the resulting tax receipts are lower than they'd be if tax rates were lower. The Laffer curve, to be a bit technical, is simply an application of what economists call "elasticity" - a concept denied only by genuine crackpots.

Just as the revenue McDonald's would earn on Big Macs would fall if it hikes the price of each Big Mac to \$100 (How many people would buy Big Macs at that high price?), so, too, would tax receipts fall if government hikes income-tax rates to very high levels. If it's not crackpot to see that, in response to higher Big Mac prices, fast-food diners change their activities in ways that can cause Big Mac revenues to fall, it's not crackpot to see that, in response to higher tax rates, income earners change their activities in ways that can cause tax receipts to fall.

1 August 2011

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

Dear Editor:

F.D.A. Commissioner Margaret Hamburg writes that "Despite common criticisms that our agency impedes innovation by being slow and bureaucratic, we actually play a proactive role in promoting innovation by ushering new products through the approval process and to market - while making sure they meet the standards of safety and effectiveness that have served the American people well" ("America's Innovation Agency: The FDA," August 1).

Orwell would be impressed.

For an F.D.A. commissioner to brag about that agency's "proactive role" in "ushering new products through the approval process and to market" is like an armed troll who, having seized a bridge in order to extract tribute from all who seek to cross, brags that he plays a "proactive role" in seeing people safely to the other side of the river.

And just as that troll has no business second-guessing the reasons that inspire people to wish to cross the bridge, the F.D.A. has no business second-guessing

the risks that each American chooses to bear when deciding which foods and medicines to ingest.