



**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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21 August 2011

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

Dear Editor:

I greatly enjoyed Steve Moore's conversation with James Freeman on Keynesian economics ("Why Americans Hate Economics," August 19).

If economists of a 'classical' bent too-seldom acknowledge the petite kernel of truth in Keynesianism (namely, that "aggregate demand" can be inadequate), it's because giving credence to that kernel stokes two

dangerous embers that readily ignite into a conflagration of calamitous policies.

The first is politicians' burning desire to spend money borrowed from future generations - a desire whose existence has nothing to do with Keynesianism but is fueled by the intellectual cover conveniently supplied by that theory.

The second is the propensity of many people to heedlessly draw inferences about the economy as a whole from their individual experiences. Such heedlessness often yields inferences that are invalid.

It's true that Jones suffers if demand for his services falls, and that his suffering ceases when demand for his services is restored. From this correct observation, however, Jones mistakenly concludes that every economy-wide downturn is the result of deficient aggregate demand – and, hence, that recessions are easily ended if only government would spend more money to increase aggregate demand. Such a simplistic, pedestrian focus on demand diverts attention away from the many complex structural problems - the "microeconomic problems" - that in reality always are

the ultimate causes of sustained economic downturns, and about which Keynesianism has next to nothing to say.

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20 August 2011

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

Dear Editor:

Katharine Seelye reports that "The weather this year has not only been lousy, it has been as destructive in terms of economic loss as any on record" ("Year Packed With Weather Disasters Has Brought Economic Toll to Match," August 20). She's correct.

But undoubtedly your columnist Paul Krugman disagrees with Ms. Seelye's conclusion that destruction causes economic loss.

For example, on September 14, 2001, Mr. Krugman wrote in your pages that the 9/11 attacks would prove "favorable" for the economy by generating "at least some increase in business spending" and by forcing government to spend more on rebuilding. [Paul Krugman, "After the Horror," NY Times, Sept. 14, 2001:

<http://www.pkarchive.org/column/91401.html>] (Here he sung the economic praises of destruction when America's unemployment rate was only 5.0 percent.) And just last week Mr. Krugman proclaimed that "this slump would be over in 18 months" if governments were forced to use resources to protect earth from invading space aliens.

[<http://blog.independent.org/2011/08/15/paul-krugman-space-aliens-could-save-u-s-economy/>]

Your Nobel laureate economist/columnist believes that destruction and the threat of destruction are economic boons. And he dismisses as economically illiterate those of us (including, presumably, your reporter Ms. Seelye) who deny that floods, fires, terrorism, war, and other destroyers of resources promote economic growth and bestow the blessings of prosperity.

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19 August 2011

Friends,

My brilliant younger colleague Bryan Caplan is interviewed, on the subject of his new and superb book *Selfish Reasons to Have More Kids*, by

Reason's Nick Gillespie: <http://www.youtube.com/watch?v=HB411292PEE>

I especially love Bryan's line that about free will: "Our ability to change others is overestimated; our ability to change ourselves is underestimated."

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19 August 2011

Editor, Politico

Dear Editor:

Helen Greiner and Jared Cohon rightly sing the praises of robotics, which have unmistakably improved manufacturing processes and, as a consequence, raised people's standard of living ("Robots are a boon for the economy," August 19).

But their tune turns discordant when they call for more government "investment" in robotics. It's both logically and historically fallacious to conclude that, because something is desirable, government should subsidize it.

The lone example Ms. Greiner and Mr. Cohon offer to make their case for robotic subsidies actually does the opposite. That example is of Drew

Greenblatt, CEO of Martin Steel Wire Co. In 2002 Mr. Greenblatt invested in robotics for his production facilities. As Ms. Greiner and Mr. Cohon explain, "What seemed like a risky decision has paid huge dividends. Revenues increased six-fold.... Greenblatt is [now] exporting his wire baskets to China and 34 other countries."

The profit motive clearly is adequate to inspire firms that can profitably use robotics to use robotics – and, hence, to inspire robotic researchers and builders to improve robotics in order to make robots ever-more attractive investments to the likes of Mr. Greenblatt. And this market-driven process is unalloyed by the partisan gamesmanship and lack of on-the-ground expertise that invariably poison political decision-making.

19 August 2011

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

Dear Editor:

Charles Krauthammer criticizes Pres. Obama for serving Americans nearly three years of lies, half-truths, ruses, and excuses

("Bad luck? Bad faith?" Aug. 19). These criticisms are justified. But Mr. Obama is not unique. Expertise at fraud and passing-the-buck is part of the job description. As Will Durant noted, "it is a lesson of history that men lie most when they govern states." [Will Durant, *The Reformation* (New York: Simon & Schuster, 1957), p. 527]

We are destined to suffer the insults and ill-consequences of such deception and excuse-making as long as holding high political office is attractive - which is to say, as long we continue to give such frauds power over our purses and our lives, and to regard the exercise of such power as an honorable occupation.

18 August 2011

Ms. Michele Bachmann

Dear Ms. Bachmann:

I was disheartened to learn from the Associated Press of your vigorous call yesterday to build an anti-immigration wall along America's southern border ("Michele Bachmann plays up immigration, hits Warren Buffett," August 17).

Surely your commitment to freedom, to free markets, and to an open and vibrant society isn't so tepid that it disappears with some perceived need to appease xenophobes and economic ignoramuses whose votes might help you win the GOP's 2012 Presidential nomination.

I must assume, instead, that you really believe that the United States is threatened by Latin Americans seeking to live and work here (for those are precisely the people who would be kept out of the U.S. by the wall you wish to build).

Several weeks ago the Wall Street Journal reported that while vacationing you read the works of the late Ludwig von Mises. That's encouraging. But you should read Mises's works more carefully. In what I believe to be his greatest book - "Liberalism" - Mises writes "There cannot be the slightest doubt that migration barriers diminish the productivity of human labor." [Ludwig von Mises, *Liberalism* (Bettina Bien Greaves, ed., Indianapolis: Liberty Fund, 2005 [1929]), p. 139]

And in his book "Omnipotent Government,"

Mises notes an even more menacing consequence of tightened immigration restrictions: "The closed-door policy is one of the root causes of our wars." [Ludwig von Mises, Omnipotent Government: The Rise of the Total State and Total War (Bettina Bien Greaves, ed., Indianapolis: Liberty Fund, 2011 [1944]), p. 263]

By obstructing the building of economic and cultural ties that would ever-more-closely bind the United States with Latin America, your wall would not only keep Americans' (and Latin Americans') prosperity from growing over time as much as possible, it would - both as a awful symbol and as an actual structure - divide the Americas in ways that dramatically increase the risk of future bloodshed.

I plead with you to reconsider your support for such a wall.

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18 August 2011

Editor, ToTheSource

Dear Editor:

Arguing against allowing women to be paid to be surrogate mothers, Jennifer Lahl asserts that "commercial surrogacy, whether done legally [or

illegally] is still selling babies" ("Babies for Sale, Buyer Beware").

Not so.

Surrogate mothers are paid to assist infertile couples to have children. Each surrogate mother is compensated for choosing to give her time; for choosing to bear medical risks; and (if she still chooses after giving birth) for parting with her parental rights in the same way that each and every mother who gives her child up for adoption parts with her parental rights.

On the other side of each of these voluntary exchanges is a couple desiring a child so fervently that they willingly pay a large sum of money to a woman who helps them navigate around the curse of infertility. Most of these couples have already paid huge sums of money to infertility clinics in unsuccessful attempts to get pregnant - yet, rightly, no one calls the voluntary exchanges that couples have with infertility clinics "baby selling."

To label voluntary, mutually advantageous contracts between surrogate mothers and infertile couples "baby selling" is a grotesque

mischaracterization, one that masks reality behind a blanket of hysteria.

Children brought into the world through surrogacy contracts are no more "sold" than are children brought into the world through infertility treatments. Why should couples for whom infertility treatments fail be denied the joys of parenthood if they and willing surrogate mothers voluntarily agree to terms that will bring new human beings to life?

More at:

<http://www.cato.org/pubs/journal/cj15n1-7.html>

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17 August 2011

Mr. Mitt Romney

Dear Mr. Romney:

A blog-post by the Cato Institute's Sallie James links to a transcript of your appearance recently on the Greta van Susteren show on which you complained that Beijing pursues policies that make Chinese products less expensive than American products.

I overlook the fact that, because only 2.7 percent of Americans' personal consumption expenditures are on goods and services produced in China, 97.3

percent of the goods and services bought by American consumers obviously are less expensive to Americans than are Chinese-made equivalents.

Instead, let me here go to the heart of your argument and accept your presumption that party A harms party B if A offers to sell goods or services to B at prices lower than what it would cost B to produce those goods or services himself.

Accepting this presumption, I'm obliged to advise you that you can make yourself and your family better off by styling your own hair. Your current stylist obviously does a fine job - strong evidence in support of my suspicion that that stylist has pursued policies that make it less costly for you to use his or her styling services than it would be for you to design and maintain your coiffure yourself.

Clearly, you're being harmfully exploited.

By accepting my counsel that you style your own hair you will no doubt improve your well-being and, more importantly, demonstrate to voters that you're a man of

your convictions - one who acts in the same ways that he proposes that other people act.

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17 August 2011

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

Dear Editor:

Unimpressed that wage flexibility creates jobs in Texas, Paul Krugman writes that "at a national level lower wages would almost certainly lead to fewer jobs" ("The Texas Unmiracle," August 15).

By asserting - for he has no evidence - that job growth in Texas comes at other states' expense, Mr. Krugman reveals his Keynesian confusion.

But he can be forgiven, for Keynes himself was deeply confused. While it's true that in some parts of the "General Theory" Keynes alleges that falling nominal wages won't increase overall employment, in other parts of that book - parts in which Keynes more carefully spells out his assumptions - he sings a different song. Consider Keynes's conclusion on this matter from Chapter 18: "If competition between

unemployed workers always led to a very great reduction of the money-wage level ... there might be no position of stable equilibrium except in conditions consistent with full employment.... At no other point could there be a resting place." [John Maynard Keynes, The General Theory of Employment, Interest, and Money (New York: Harcourt, Brace & World, Inc., 1936), p. 253]

Translation: "If wages are flexible, competition for jobs will reduce nominal wages until there is full employment." Keynes himself here contradicts his modern-day St. Paul.