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**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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3 September 2011

Editor, The Weekly Standard

Dear Editor:

You report that "Solyndra, a solar panel manufacturing company much ballyhooed by the Obama administration, declared bankruptcy. The company had received $535 million in September 2009 from a Department of Energy grant program funded by the stimulus" ("Green Jobs in the Red," Sept. 12).

No surprise here. From Pres. Obama on down, none of the politicians speculating with taxpayers' funds on "green" business ventures - and none of the pundits spellbound by their own imagined genius at knowing how to improve an unimaginably complex economy such as ours - has any material skin in the game.

Too bad that too few Americans, when presented with the latest Glorious Vision or Beautiful Plan, are as clear-eyed as is the economist Deirdre McCloskey, who writes "If you are prudent and bourgeois, not a romantic aristocrat or a gullible peasant, you say to yourself 'Why is he telling me this? Why has he not put his money where his mouth is?'" [Deirdre N. McCloskey, The Vices of Economists / The Virtues of the Bourgeoisie (Amsterdam: Amsterdam University Press, 1996), p. 103]

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2 September 2011

Editor, University of Virginia Magazine

Dear Sir or Madam:

I genuinely enjoy your publication, and am delighted to find in the Fall 2011 issue Ed Crews's and Lee Graves's admirable account of the debt troubles caused by Uncle Sam's fiscal recklessness ("Our National 'Time Bomb'").

Were the Crews and Graves essay published by any institution other than U.VA, I'd not be moved to remark on it. But given that it appears in the U.VA Magazine, I'm obliged to pick a nit.

Crews and Graves report that "Last fall [Peter G.] Peterson was awarded a Thomas Jefferson Foundation medal, the University's highest external honor, for his role in addressing the nation's fiscal situation. Harry Harding, dean of U.Va.'s Frank Batten School of Leadership and Public Policy, describes him as a personal hero 'because he was so far ahead of his time in focusing on this issue of import today.'"

Mr. Peterson has indeed long highlighted the problem of America's growing public debt, but well before he entered the scene, a U.VA economist (unmentioned by Crews and Graves) almost single-handedly revolutionized our thinking about deficit financing.

Prof. James M. Buchanan - who served on U.VA's faculty from 1956 to 1968 - wrote in 1958 a book entitled "Public Principles of Public Debt." Before its publication, the near-unanimous opinion of scholars, pundits, and policymakers was that even very large government debt imposes only very small burdens – and burdens only of a secondary order. Deficit financing of government spending, therefore, wasn't much of a problem.

In less than 200 pages Buchanan vividly exposed the flawed assumptions and sloppy reasoning that produced this consensus, thus blowing it to smithereens.

While some people still cling to the "pre-Buchanan" notion of government debt being harmless, it was Jim Buchanan's little book of 53 years ago, written in Charlottesville, that built the intellectual ground upon which today stand Mr. Peterson and other deficit hawks.

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31 August 2011

Programming Director,
WTOP Radio
Washington, DC

Dear Sir or Madam:

Enough with reports (heard in today's 1pm hour) that natural disasters can be good for the economy. The Keynesian economics upon which such reports are based is hopelessly confused on the issue.

According to Keynesians, recessions result from people feeling pessimistic about the future - a pessimism conjured by what Keynesians regard as wary "animal spirits." This pessimism prompts people to save too much and spend too little.

But even if we accept these Keynesian notions, is it likely that the optimism necessary to improve the economy will be sparked by DESTROYING people's homes and businesses? How plausible is it that people – who before being hammered by the likes of a hurricane felt that their savings were too low – will go on sustained spending binges BECAUSE natural disasters oblige them to dip into the very savings that they were previously trying to increase? By what logic are "animal spirits" buoyed with confidence by tragedies that make people poorer? On what theory do consumers become more hopeful about the future while standing in the rubble left by natural disasters?

Please, no more such absurd reports.

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30 August 2011

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

Dear Editor:

MIT President Susan Hockfield lists America's "trade deficit in manufactured goods" as one of our "problems" ("Manufacturing a Recovery," August 30).

I disagree that specializing in producing services such as neurosurgery, web design, and education – and then exchanging some of these for manufactured goods such as MP3 players, kitchen flatware, and snow globes and other trinkets – is a problem. But if I'm mistaken and Dr. Hockfield is correct, I wonder if she's aware of her role in worsening this problem.

Every non-American student who enrolls at MIT spends dollars purchasing, not American manufactured goods, but American-produced educational SERVICES. In consequence, the U.S. trade deficit in manufactured goods rises with every non-American student enrolled at MIT.

If Dr. Hockfield truly worries about America's trade deficit in manufactured goods, she should impose a moratorium on the admission of foreign students to MIT.

In addition, she can move to close MIT's Sloan School of Management (whose graduates regularly export their services as business and professional advisors - thereby increasing America's trade deficit in manufactured goods) and to close MIT's School of Architecture and Planning (whose graduates produce no manufactured goods and who also sell their services to foreigners and, hence, also intensify the "problem" of America's trade deficit in manufactured goods).

If Dr. Hockfield is right, then a significant portion of America's problems are being created right there on the Charles.

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29 August 2011

Prof. Peter Morici
University of Maryland
Smith School of Business
College Park, MD

Dear Peter:

In your guest blog-post yesterday at CNBC you argue that the destruction caused by hurricane Irene will spark a "process of economic renewal [that] can leave communities better off than before" ("Economic Impact of Hurricane Irene"). Central to your argument is your claim that, because of the rebuilding, "the capital stock that emerges will prove more economically useful and productive."

In other words, whenever assets still in use are destroyed, wealth will thereby be created - that is, people whose assets are destroyed will be made richer - because these destroyed assets are replaced with ones that are newer and more productive.

I hereby offer my services to you, at a modest wage, to destroy your house and your car. Act now, and I'll throw in at no extra charge destruction of all of your clothing, furniture, computer hardware and software, and large and small household appliances.

Because, I'm sure, almost all of these things that I'll destroy for you are more than a few days old (and, hence, are hampered by wear and tear), you'll be obliged to replace them with newer versions that are "more economically useful and productive." You will, by your own logic, be made richer.

Just send me a note with some times that are good for you for me to come by with some sledge hammers and blowtorches. Given the short distance between Fairfax and College Park, I can be at your place pronto.

Oh, as an extra bonus, I promise not to clean up the mess! That way, there'll be more jobs created for clean-up crews in your neighborhood.