



## 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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18 September 2011

Friends,

My GMU Econ colleague, and co-blogger at Cafe Hayek, Russ Roberts wisely advises in today's Boston Globe to keep a level head about the outcome of the 2012 presidential election - regardless of who wins.

Here's a key passage:

"But didn't the non-partisan Congressional Budget Office conclude that the stimulus created between 1.2 and 3.3 million jobs? It did. You might be a bit surprised by the imprecision of that estimate. But the

technique it used is even more alarming. It didn't look at what actually happened-what happened to employment, for example, after the stimulus passed. The CBO conceded that 'isolating the effects [of the stimulus] would require knowing the path the economy would have taken in the absence of the law' and 'that path cannot be observed.' That's fancy talk for admitting it can't model the economy accurately. Instead, the CBO used the model it had used to predict the effect of the stimulus in advance and just plugged in the amount the government actually spent."

<http://www.bostonglobe.com/opinion/2011/09/17/political-reality-overtakes-principles-winner-won-matter/oCmCxbdg6l4lDjzfQcrjhl/story.xml>

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18 September 2011

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

Dear Editor:

Kathleen Parker's discussion of two kinds of smarts - "book smarts and street smarts" ("Smart money betting on stupid politicians," Sept. 18) - calls to mind a vital point made by F.A. Hayek in his 1945 article "The Use of Knowledge in Society":

"Today it is almost heresy to suggest that scientific knowledge is not the sum of all knowledge. But a little reflection will show that there is beyond question a body of very important but unorganized knowledge which cannot possibly be called scientific in the sense of knowledge of general rules: the knowledge of the particular circumstances of time and place. It is with respect to this that practically every individual has some advantage over all others because he possesses unique information of which beneficial use might be made, but of which use can be made only if the decisions depending on it are left to him or are made with his active cooperation." [F.A. Hayek, "The Use of Knowledge in Society," American Economic Review, Vol. 35, Sept. 1945, pp. 519-30: <http://www.econlib.org/library/Essays/hykKnw1.html>]

Too many "Progressives" overestimate the importance of scientific knowledge ("book smarts") relative to that of "knowledge of the particular circumstances of time and place" ("street smarts") – and too many conservatives commit the opposite error.

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16 September 2011

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

Dear Editor:

Ridiculing those of us who would rely more on voluntary charitable giving - rather than on forced extractions from taxpayers - to care for people in need, Paul Krugman asserts that "compassion is out of fashion" ("Free to Die," Sept. 16).

Even granting the spurious assumption that a people are compassionate only if they tax themselves and spend the proceeds through government on good deeds, it doesn't follow that programs such as Obamacare, Medicare, and Social Security are, in fact, monuments of compassion.

Insofar as such programs are enacted and survive because of political support they receive from their beneficiaries, they are creatures not of compassion but of greed: 'give me what you've got because I want it and I'm willing to vote to ensure that the officials in charge of prisons and the police

will use those instruments to take from you what I want for myself.'

Does anyone doubt that at least SOME of the support for such programs comes, not from people wishing to give, but instead from people itching to take?

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16 September 2011

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

Dear Editor:

Eugene Robinson reports Ron Paul's answer to a question about taxpayers' responsibility for paying for medical care to keep alive a man who irresponsibly refused to buy health insurance: "in Paul's vision of America, 'our neighbors, our friends, our churches' would choose to assume the man's care - with government bearing no responsibility and playing no role" ("Where are the compassionate conservatives?" Sept. 16).

Mr. Robinson is appalled by Mr. Paul, accusing him of being part of an "immoral" movement that would interpret the Constitution's Preamble to read "We the unconnected individuals who couldn't

care less about one another . . . ."

I don't get it. Why is Mr. Robinson's call to force Smith to care for Jones an exhibition of compassion, while Mr. Paul's endorsement of arrangements under which Smith voluntarily cares for Jones a display of heartlessness?

Reasonable people can disagree over whether or not voluntary charity would be sufficient. It's a mistake, however, to classify coerced 'giving' as "compassion," and downright bizarre to accuse those of us who would rely more upon genuine compassion - evidenced by people giving out of the goodness of their hearts rather than out of a desire to avoid imprisonment - as endorsing a society without compassion.

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15 September 2011

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

Dear Editor:

Rob Sobhani wants to reduce the high rate of black unemployment through better "immigration

governance" - that is, he wants to stop all those Hispanics from competing against blacks for jobs (Letters, Sept. 15).

It's an irony as deep as it is unintended that what is today rightly regarded as unjust, uncivilized, and economically destructive - namely, Jim Crow legislation that protected workers of one race from having to compete for jobs with workers of another race - is offered in 2011 by Mr. Sobhani and many others as a policy worthy of a civilized society.

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14 September 2011

Mr. Daniel Poneman  
Deputy Secretary  
U.S. Department of Energy

Dear Mr. Poneman:

In today's USA Today, you struggle gamely to prevent the bankruptcy of the heavily subsidized - and politically well-connected - solar-panel producer Solyndra from raising doubts about the alleged wisdom of government subsidies to sexy industries ("Perfect storm' sank Solyndra").

Disappointingly, you play the trump card favored by crony capitalists: "competitiveness."

After asserting that the prize for "winning" is "a vast economic and employment opportunity to be seized by companies that succeed in this sector," you warn ominously that "Our competitors know this, and are playing to win."

Unlike firms in narrowly defined industries, economies don't compete with each other. Economies grow (or stagnate) depending on how little (or how much) their governments interfere with producers' abilities to specialize in those activities for which each has a comparative advantage. And anyone who understands comparative advantage knows that a country that "wins" an advantage in one industry necessarily "loses" an advantage in other industries.

[<http://www.econlib.org/library/Enc/ComparativeAdvantage.html>] That person understands also that, with free trade, a comparative disadvantage at producing, say, solar panels is in no way a disadvantage at CONSUMING solar panels. Quite the opposite.

Rather than excuse Solyndra's failure as being the unlikely result of a "perfect storm" of bad luck, you should recognize that

this failure is evidence of the truth of Paul Krugman's 1994 observation that "a government wedded to an ideology of competitiveness is as unlikely to make good economic policy as a government committed to creationism is to make good science policy."

[\[http://www.esnips.com/doc/7190daf2-be85-4b26-bd84-5b0cd51e30b8/Paul-Krugman---Competitiveness-A-dangerous-obsession\]](http://www.esnips.com/doc/7190daf2-be85-4b26-bd84-5b0cd51e30b8/Paul-Krugman---Competitiveness-A-dangerous-obsession)

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13 September 2011

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

Dear Editor:

Michael Gerson misses the most germane problem with Pres. Obama's praise of the transcontinental railroad as a shining example of the wonders of "mobilized government" ("Obama fails the Lincoln test," Sept. 13).

Save for the one transcontinental line that received virtually no subsidies (J.J. Hill's Great Northern), the building and operation of the other three lines were contaminated with graft, fraud, and corruption - of which the Credit Mobilier scandal is

only the most famous instance. And on top of these shenanigans that predictably happen when government doles out subsidies were other, equally predictable results: shoddy construction, bloated costs, and inefficient and unsafe operation of the lines.

On further reflection, Mr. Obama is spot-on to cite the transcontinental railroad as an example of his hope for America: it is a great monument to crony capitalism, under which government officials - constantly cackling about their 'grand visions' and 'commitment' to America's future - launch boondoggles that succeed only in transferring massive amounts of wealth from the general population to the politically connected.

12 September 2011

Editor, USA Today

Dear Editor:

Arguing that Social Security isn't a Ponzi scheme, you write: "Ponzi schemes have two salient features. First, they are criminal enterprises, which Social Security is not. Second, they work only until people get wind of what is going on, at which

point they inevitably collapse. Social Security's finances are plainly visible for all to see. ("Social Security far from a 'Ponzi scheme'," Sept. 12).

Your first point is irrelevant: a government declaration of legality no more renders a Ponzi scheme a legitimate mode of investment than it renders slavery a legitimate mode of employment.

As for Social Security's finances being "plainly visible," the Social Security trust fund - for which Uncle Sam writes IOUs to himself and then assures the public that Social Security's liabilities are fully backed by marketable assets - comes awfully close to being a fraud meant to hide the true state of Social Security's fiscal woes.

And as for people catching on to Social Security's unsustainability, consider the following 1996 analysis by a Nobel-laureate economist who, after noting that Social Security is designed to look like an ordinary pension plan, observes that "In practice it has turned out to be strongly redistributionist, but only because of its Ponzi game aspect, in which each generation takes more out than it put

in. Well, the Ponzi game will soon be over, thanks to changing demographics, so that the typical recipient henceforth will get only about as much as he or she put in."

[\[http://www.bostonreview.net/BR21.6/krugmann.html\]](http://www.bostonreview.net/BR21.6/krugmann.html)

That is, as with all Ponzi schemes, reality is obliging people to catch on.

Oh, the Nobel economist quoted above is Paul Krugman.