



Comment on the Commentary of the Day

by

Donald J. Boudreaux

Chairman, Department of Economics

George Mason University

dboudrea@gmu.edu

<http://www.cafehayek.com>

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.

11 December 2011

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

Dear Editor:

In paragraph five of his column today, Thomas Friedman approvingly quotes Pres. Obama's complaint that "Steel mills that needed 1,000 employees are now able to do the same work with 100 employees, so layoffs too often became permanent, not just a temporary part of the business cycle...." ("The Next First (and Only) 100 Days," Dec. 11).

Ignore the fact that this Luddite lament - while in tune with the sympathies of Lord Keynes - is supported by zero historical evidence. Focus instead on Mr. Friedman's call, in paragraph eight of his column, for a "future ... where people learn, imagine and create value rapidly by combining universities, high-tech manufacturers, software/service providers and highly nimble start-ups that collaborate and compete to invent things that make people's lives more entertained, productive, healthy, educated and comfortable."

If, in paragraph five,

innovation that makes people more productive is a regrettable source of permanent job losses, how in paragraph eight does innovation that "makes people's lives ... more productive" - and, hence, destroys some jobs - become a desirable policy goal?

10 December 2011

Programming Director,
WTOP Radio
Washington, DC

Dear Sir or Madam:

In today's 7am hour a pundit, interviewed by your anchors, said that the fiscal problems besetting many European countries are "hard to fix" because these problems have "complex origins."

I disagree with his claim about the alleged 'complexity' of these problems' origins. These fiscal crises are the perfectly predictable consequences of spending other people's money.

As the economist Dwight Lee notes, "Because of the absence of privately owned and transferable claims against the collective value created, or destroyed, by political decisions, citizens will be less sensitive to reductions the long-run wealth of the general political community than to temporary, but individually realized, benefits. For this reason politicians can pursue with impunity a policy analogous to that of excessive corporate borrowing to finance current benefits." [Dwight R. Lee, "Deficits, Political

Myopia and the Asymmetric Dynamics of Taxing and Spending"; chapter 16 in James M. Buchanan, Charles K. Rowley, & Robert D. Tollison, eds., *Deficits* (New York: Basil Blackwell, 1987), p. 296]

Advocates of government intervention readily see the elemental truth of Prof. Lee's observation when the parties spending other people's money are private corporations. In fact, these advocates 'see' this problem, mirage-like, in the private sector even when it's absent. Mysteriously, though, these same folks are blind to the same problem as it plagues the public sector. If, as Pres. Obama said this week, spending other people's money is a recipe for irresponsibility, how are fiscal problems 'solved' by enlarging the size and scope of government - an agency far more dependent than is any private corporation on spending other people's money?

9 December 2011

Friends,

The December 2011 edition of *Cato Unbound* features a lead essay by Tim Congdon, and reply

essays by Dean Baker, Bob Hetzel, and myself. In my first essay I argue that "regime uncertainty" - as explained by Robert Higgs - has at least as much power as is packed by Keynesianism and monetarism to explain inadequate private investment:

<http://www.cato-unbound.org/2011/12/09/donald-j-boudreaux/keynes-friedman-and-higgs/>

Note especially the quotations, from Alfred P. Sloan and even Keynes (!), near the end of my essay that support Higgs's thesis.

8 December 2011

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

Dear Editor:

Impressed that Pres. Obama spoke yesterday on "the site of Theodore Roosevelt's legendary 'New Nationalism' speech 101 years ago," E.J. Dionne is delighted that Mr. Obama is now channeling the ghost of the 26th President of the U.S. ("Obama's New Square Deal," Dec. 8).

I don't share this delight, for H.L. Mencken was spot-on correct when he said of

T.R. that "the America that Roosevelt dreamed of was always a sort of swollen Prussia, truculent without and regimented within."
[H.L. Mencken, "Roosevelt I" (1920), reprinted in Mencken, A Mencken Chrestomathy (New York: Knopf, 1949); p. 233]

The vision that motivated T.R. - and that transports too many modern-day "Progressives" into raptures - is repellent to anyone who cherishes peace and individual freedom.