



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.

1 January 2012

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

Dear Editor:

Sounding his familiar theme that private economic activity is mainly a negative-sum quest for "positional goods," Robert Frank asserts that "many second paychecks today go toward financing a largely fruitless bidding war for homes in good school districts" ("Why 2 Paychecks Are Barely Enough," Jan. 1).

Ignore Mr. Frank's mysterious insistence that

today's larger and better-equipped houses are evidence of parents' "fruitless" competition to live in neighborhoods with superior schools. (If parents are driven overwhelmingly by a desire to gain access to above-average schools, why do they waste money paying for more square footage and granite countertops?) Focus instead on what Mr. Frank's thesis implies about the agency - government - that he calls upon to save us from self-destructive competitive urges that are allegedly unleashed by inadequately regulated and insufficiently taxed market forces.

If government were truly alert to the demands of its constituents, government-school quality would rise in response to parents' demands for higher-quality schooling. That Mr. Frank implicitly denies that government responds in this way should caution us against accepting his repeated calls to turn over to government more of our money and liberties.

30 December 2011

"Paul Krugman"

Dear "Paul Krugman":

While I doubt that you're THE Paul Krugman, your argument against my most-recent blog post is both fair

and one that Krugman himself likely would raise.

You argue that if Uncle Sam taxes Americans an extra \$1 billion in order to raise my personal income by \$1 billion, that Americans as a group, in fact, are NOT made worse off - that, while some Americans are made worse off, my benefit "counterbalances fully enough the cost imposed on" other Americans so that this tax and expenditure together impose no net burden on Americans as a group.

I disagree, although I see that that my example doesn't clearly enough reveal the net harm.

So suppose instead that Uncle Sam decides to level the Rocky Mountains. That program (whatever its merits or demerits) would require the use of enormous amounts of capital and human labor. To direct these resources to the task of razing the Rockies would require a huge government expenditure - say, \$10 trillion dollars.

Suppose Uncle Sam hires only American workers and buys only American-owned resources to raze the Rockies. Suppose further

that Uncle Sam finances this program exclusively by raising taxes. An extra \$10 trillion in taxes is raised, and every cent is spent successfully leveling the Rockies.

According to Krugman, because "we" received every cent that "we" paid to level the Rockies, the net burden to "us" as a group of leveling the Rockies is zero! The program is costless! But clearly that conclusion is incorrect.

Massive quantities of valuable, real resources are used up to raze the Rockies. The workers and resource owners didn't pay for these resources to be used in this way (as these workers and owners voluntarily contributed, for pay, to the effort). Taxpayers paid; and the cost can be reckoned in the foregone value of whatever it is those workers and resources would have produced had they not instead been used to raze the Rockies. The net cost to Americans of razing the Rockies clearly is \$10 billion - a cost that doesn't disappear simply because the tax payment by some Americans of \$10 billion were received fully as income payments by other Americans.

30 December 2011

Prof. Krugman:

On your blog you attempt to resurrect the notion that the burden of the public debt is not shifted onto future generations. Specifically, you argue (as did earlier Keynesian economists, such as Abba Lerner) that whatever funds future citizens as taxpayers must pay to service the debt are funds that future citizens as beneficiaries of government programs receive. In your words, "talking about leaving a burden to our children is especially nonsensical; what we are leaving behind is promises that some of our children will pay money to other children." Receipts equal payments, so collectively it's a wash.

I searched your posts in vain for a reference to James Buchanan's 1958 book "Public Principles of Public Debt" - a source of work cited by the Nobel Committee in awarding Buchanan the 1986 Nobel Prize in Economic Science.

Were you to read Buchanan's book you would discover why it's mistaken to argue that, because 'we owe the debt to ourselves,' repayment of

the debt imposes no burden on future taxpayers. That the creditors (the payees) are citizens of the same country as the debtors who repay the debt (taxpayers) does not mean that those repayments are no net burden to the country as a whole. Consider the following example:

Suppose Uncle Sam were to supplement my annual income to the tune of \$1 billion, to be funded exclusively out of present taxation. The result is that Americans as a group today pay \$1 billion more in taxes and Americans as a group today (I'm an American) receive \$1 billion more in the form of an income supplement. Receipts equal payments, so collectively it's a wash.

But surely you agree that it's mistaken to conclude that, because "we" pay this \$1 billion to "ourselves," government granting me this income supplement is no burden on current Americans. Therefore, you should agree also that it's mistaken to conclude that, because "we" owe the public debt to "ourselves," the responsibility for repaying that debt is no burden on future taxpayers. (If, however, you disagree with me

about the burden of my hypothetical income supplement, I invite you to write a column petitioning Congress to grant me such largesse: it would, after all, bring me great joy while burdening no one.)

28 December 2011

Friends,

Here's a link to my review, appearing in the Winter 2012 issue of The Independent Review, of Deirdre McCloskey's *Bourgeois Dignity*: <http://www.independent.org/publications/tir/article.asp?a=868>

27 December 2011

Editor, USA Today

Dear Editor:

Correctly noting about Iraq that "Institutions like the military were not fully formed, territorial disputes were not resolved, and key questions relating to oil were up in the air," Danielle Pletka complains that American troops were withdrawn too early from that troubled country ("We got out of Iraq too soon," Dec. 27).

Ms. Pletka works for the American Enterprise Institute. That

organization's members rightly understand that Uncle Sam's interventions into America's domestic economy are typically motivated by narrow interest-group pressures or by economic ignorance or by both - and that, either way, the results are generally harmful. So it's truly a mystery why Ms. Pletka and her AEI associates insist so boisterously that Uncle Sam's interventions into the affairs of some foreign nations are indispensable for the improvement of those nations' domestic institutions.

When operating abroad, do U.S. government agents and employees grow wiser and better informed than when they operate here at home? Do they become less susceptible to the wiles of special-interest groups? Are their magnanimity, courage, insight, and public-spiritedness enhanced simply by stepping onto foreign soil? And do the complexities, trade-offs, and uncertainties that make domestic intervention in America so likely to unleash regrettable unintended consequences not exist outside of America?

26 December 2011

Editor, USA Today

Dear Editor:

You miss the mark in your report that "More than 60% of farmers are over the age of 55, and without young farmers to replace them when they retire the nation's food supply would depend on fewer and fewer people. We'd be vulnerable to local economic disruptions, tariffs, attacks on the food supply, really, any disaster you can think of," said Poppy Davis, who coordinates the USDA's programs for beginning farmers and ranchers" ("More young people see opportunities in farming," Dec. 23).

Americans' food has depended on fewer and fewer people for centuries. In 1776 the feeding of every ten Americans required the work of nine Americans. Today the feeding of every ten Americans requires the work of only 0.2 Americans. And yet we are today more abundantly fed than at any time in the past.

Also, if our government really worries that we're "vulnerable to local economic disruptions,

tariffs, [and] attacks on the food supply," it will find the culprit in the mirror. The agency that imposes tariffs, price-support, and other policies that artificially reduce supplies of many agricultural goods is none other than Uncle Sam itself. Most of these policies are DESIGNED to make us more dependent than we would otherwise be on American farmers. These farmers - in addition to often being less efficient than are foreign farmers spread across the globe - are located only in particular parts of America, thus making us more vulnerable to local disruptions.