



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.

22 April 2012

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

Dear Editor:

Regarding your report on the chronic shortages of consumer goods in Venezuela ("With Venezuelan Cupboards Bare, Some Blame Price Controls," April 21): of course these shortages are caused by price controls. By preventing prices from telling the truth about underlying conditions of supply and demand, such controls spread economic lies. Producers and consumers are thus misled

into acting destructively rather than productively.

Price controls, though, are only the most ham-fisted maneuver used by politicians to distort prices in order to mislead the public about market realities. Another favorite ploy is to condemn and threaten "speculators." Consider Chavez himself. He irresponsibly increases the supply of the Venezuelan Bolivar and then, when the inevitable inflation begins, combines overt price controls with a bellicose vow to punish what he sneeringly calls "bourgeoisie speculation." [\http://www.csmonitor.com/World/2010/0111/Chavez-vows-to-punish-

[bourgeoisie-speculation-after-devaluing-currency\]](#)

Such blame-shifting is very near a constant with politicians.

It's worth noting that, although the President of the United States hasn't the power of Generalissimo Chavez, Pres. Obama's attacks on speculators are just as politically opportunistic and economically ignorant - and potentially as destructive - as are any such attacks issued by Latin American dictators.

19 April 2012

Editor, The New York Times

620 Eighth Avenue
New York, NY 10018

Dear Editor:

You speculate that "excessive speculation, mainly by Wall Street index-fund traders, is needlessly driving up [gasoline] prices" ("Speculators and the Gas Pump," April 19).

Speculative buying is excessive only if it pushes prices higher than will be warranted by tomorrow's conditions. But no one - not even the academic authors of papers to which you link - knows for certain just how tight gasoline supplies will be tomorrow. Many investors are speculating that these supplies will be very tight indeed. If these investors are correct, they'll earn profits and their purchases today will be revealed tomorrow not to have been excessive.

You, in contrast, insist that these speculators are mistaken (that is, you think they're destined to lose money on their investments). So put your money where your mouth is: go short in gasoline futures. If you're correct that today's speculation is excessive, not only will you make a killing when proof

of your prescience arrives tomorrow in the form of gasoline prices that are lower than are expected by the speculators who you criticize, you'll also put downward pressure on today's gasoline prices.

Rather than opine with no skin in the game, get involved! Show the world that your intellectual speculations aren't idle.