



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.

16 June 2012

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

Dear Editor:

Jim Calio wants to reinstate the military draft because "Conscription may be the only way of putting a brake on the runaway war-making power of the president" (Letters, June 17). Not so. Adam Smith proposed a far less macabre way of making government officials think twice before going to war.

That great Scot proposed reining in government's excessive fondness for

saber-rattling by denying it the power to finance wars with debt. As Smith explained, "Were the expense of war to be defrayed always by a revenue raised within the year [rather than by borrowing]... [w]ars would in general be more speedily concluded, and less wantonly undertaken. The people feeling, during the continuance of the war, the complete burden of it, would soon grow weary of it, and government, in order to humour them, would not be under the necessity of carrying it on longer than it was necessary to do so. The foresight of the heavy and unavoidable burdens of war would hinder the

people from wantonly calling for it when there was no real or solid interest to fight for." [Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations* (1776), Book V, Chapter 3, paragraph 51]

Why do people such as Mr. Calio and Rep. Charles Rangel – people who propose to temper war fever with the morally outrageous practice of holding the lives of young men and women hostage to irresponsible government officials – never propose the alternative, and far-less-gruesome, step of simply changing the rules of how wars are financed?

16 June 2012

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

Dear Editor:

When Pres. Obama announced a halt to the deportation of many people whose only offense is being in the U.S. without official papers issued by Uncle Sam, Daily Caller reporter Neil Munro challenged Mr. Obama by asking "Why do you favor foreigners over American workers?" ("Reporter Interrupts Obama Remarks," June 16).

I beg my conservative friends not to lionize Mr. Munro. Whether you cheer the president's announcement (as I do, enthusiastically) or hiss at it, the fact is that Mr. Munro's question reveals Mr. Munro's economic ignorance.

To see why, suppose that Uncle Sam had for years forcibly eradicated technological advances (such as chemical pesticides and robotics) that destroyed specific jobs (such as for farm workers and shipyard welders). If the president then announced a halt to the

eradication of such technology, would any economically informed person who favors free markets and economic growth protest against this announcement on the grounds that it "favors machines over American workers"? Of course not. Yet the employment and economic effects of easing immigration restrictions are identical to those of easing restrictions on technological advances.

15 June 2012

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

Dear Editor:

In today's report entitled "Foreign Investment Surges," there's a line that should be quoted on each of the gazillion occasions when grandstanding politicians such as Lindsey Graham, bloviating buffoons such as Donald Trump, and populist economists such as the ubiquitous Peter Morici bemoan the U.S. trade deficit as being a drag on the U.S. economy in general, and on job creation in particular: "The pickup in foreign direct investment in the U.S. has boosted stock prices and employment in the manufacturing sector, a cornerstone of the recovery."

Because increased foreign investment in the U.S. requires that foreigners spend a smaller portion of their dollars on buying American exports, a rise in foreign direct investment in the U.S. necessarily increases the U.S. trade deficit (or reduces the U.S. trade surplus). As your report makes clear,

however, such foreign investment is a boon to the U.S. economy and is no drain on jobs here.

Alas, you can be sure that this fact will be ignored the next time - which I guarantee will be soon - some politician or pundit takes to the airwaves to "explain" that America's trade deficit is a symptom of U.S. economic decline or of foreign-government perniciousness (or both).

14 June 2012

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

Dear Editor:

E.J. Dionne, a staunch advocate of ever-increasing politicization of the activities of those who earn money, is dismayed at the ever-increasing monetization of the activities of those who practice politics ("Secret money fuels the 2012 elections," June 14).

Mr. Dionne's dismay reflects childish naiveté.

Government officials who control the disposition of enormous sums of money are no more likely to be free - or want to be free - of the influence of money

than someone who consumes gallons of whiskey is likely to be free - or wants to be free - of the influence of alcohol. In both cases, the influence is an unavoidable by-product of the activity.

13 June 2012

Editor, Economist.com

Dear Sir or Madam:

Your correspondent M.S. writes "When people ask 'what should we do about obesity?', libertarians tend to respond: 'what do you mean 'we'"? Which is sad. Libertarians don't have much of a vocabulary for discussing this sort of collective decision-making, and often believe that it should not take place at all.... [O]ne tends to find that libertarian habits of thought make it very difficult to talk about taking decisions collectively, which is not only the entire substance of politics, but is also among the more fundamental aspects of the experience of being a human being" ("In defence of baby authoritarianism," June 13).

Overlooking the question of who, exactly, are the appropriate "we" for making collective decisions (Everyone in a city?

Everyone in a county?
Everyone in a nation?
Perhaps everyone on the globe, so that, say, tribesmen in Pakistan can help to collectively decide what is sexually permissible for women in London.) - and overlooking also the questionable claim that collective decision-making is "fundamental" to being human - one must point out that M.S. is apparently unfamiliar with the works of Kenneth Arrow, James Buchanan, Gordon Tullock, and other scholars who've carefully studied the properties of collective decision-making.

These works reveal that decisions made collectively - and especially ones made politically - are perverted with far more arbitrariness, bias, and error than ever affect decisions made individually. What is truly sad is M.S.'s ignorance of this scholarship.

13 June 2012

News Director, CNBC

Dear Sir or Madam:

Reporting on NYU economist Nouriel Roubini's latest recommendation for Europe, you quote the professor: "The German government should give

every German household a 1000 euro (\$1,250) travel voucher. However, it should only be used for holidays in crisis countries. That will help boost growth there” (“Roubini Tells Europe to Stop ‘the Savings Madness’,” June 12).

Prof. Roubini’s advice reveals the intellectual bankruptcy of the vulgar Keynesian thinking that is always widespread in the popular media and that is now, sadly, resurrected in the academy. It’s the unreflective businessman’s economic algorithm: ‘the key to my success is higher demand for my output; therefore, the key to the economy’s success is higher demand for the economy’s output.’ Period. Little thought is given to the complex institutional details that in fact are the keys to sustained and widespread economic growth. Are markets sufficiently free to set prices that accurately reflect resource scarcities? Are property rights sufficiently secure to encourage long-term investment? Are monetary and fiscal policies sufficiently prudent so as not to discourage households, entrepreneurs, and investors from making sensible plans over appropriate time horizons?

And as Deirdre McCloskey asks, does the culture encourage commerce and innovation by adequately dignifying the bourgeoisie?

Rather than do the hard work of dealing with deep and all-important issues such as these, the vulgar Keynesian focuses on a superficiality – adequate ‘aggregate demand’ – and then fancies himself a clever and profound thinker for recommending that this consequence of economic health be treated as if it were economic-health’s chief cause.

11 June 2012

Programming Director,
WTOP Radio

Dear Sir or Madam:

A Georgetown professor interviewed during today’s 8am hour declared that New York City Mayor Bloomberg is “right” to use government to “coerce us” into eating healthier diets. Such coercion allegedly is necessary because, having evolved during times when food was scarce, we are unable to control ourselves now that food is abundant.

Whoa.

If our genes distort our dietary choices, how can

we be sure that they do not distort also our political choices? Might it be that, having evolved in small tribal bands whose survival often depended upon deference to tribal elders, our genes prompt us today to put excessive trust in charismatic political leaders? Might it be that we’re evolved to rely too readily today upon direction from kingpins consciously issuing commands rather than upon the impersonal and far more nuanced directions given by market prices, profits, and losses?

Science does indeed reveal that modern conditions differ greatly from those that shaped our evolution. But it is irresponsible pseudo-science to leap from this fact to the conclusion that government must therefore exercise more control over individuals’ lives.