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.

10 September 2006
The Editor, The Economist
25 St James’s Street
London SW1A 1HG
United Kingdom

SIR:

Among the successes of Nordic economic policy you list “healthy...current-account surpluses” (“Admire the best, forget the rest,” September 9). Why?

It's true that current-account surpluses might be evidence of wholesomely high savings rates, but they might also be evidence of stagnant investment climates. For Sweden, at least, the latter possibility seems to be most plausible in light of the fact that, as you report, "Sweden has created almost no net private-sector jobs since 1950."

9 September 2006
Editor, The New Orleans Times-Picayune
Dear Editor:

Like many others, the Rev. Nguyen Vien believes that post-Katrina rebuilding requires "more public resources" (“Promises to be kept,” Sept. 9).

The case isn't clear. In a new study of locales receiving FEMA funds, West Virginia University economists Peter Leeson and Russell Sobel [http://www.peterleeson.com/Weathering_Corruption.pdf] find that such funds increase corruption in recipient areas. Specifically, these researchers conclude that "eliminating FEMA disaster relief would reduce corruption more than 20 percent in the average state."

And because Louisiana is the most corrupt state in the union, pumping even more taxpayer money into that state courts disaster.

8 September 2006
The Editor, New York Times
229 West 43rd St.
New York, NY 10036
To the Editor:

Paul Krugman asserts that "the United States as a whole has grown a lot richer over the past generation, but the typical American family hasn't" ("Whining Over Discontent," September 8). As David Brooks mentioned yesterday, however, data presented in Stephen Rose's recent essay [http://www.prospect.org/web/page.ww?section=root&name=ViewWeb&articleId=11943] in The American Prospect cast doubt on this assertion.

Since 1979 the percent of prime-age Americans (those 25 to 59 years old) living in households with real annual incomes below $75,000 fell, while the percent living in households with real annual incomes above $75,000 rose. Most impressively, the percent of such Americans living in households earning real annual incomes of $100,000 or more increased over the past quarter century from 10 percent to 23 percent. This picture is hardly one of middle-class stagnation.

7 September 2006

To the Editor, USA Today

The Editor:

You correctly argue that if the Chinese spent more money vacationing in the United States, "that could help clip the $202 billion trade deficit with China" ("China's latest exports: tourists - and lots of them," Sept. 6). But why assume that this result is desirable? We praise Americans who don't blow all their incomes on current consumption - that is, Americans who save - and who invest these saved funds. So shouldn't we also praise those Chinese who, rather than rushing to buy as many consumption goods and services as possible, save and invest a portion of their dollars? That such investment by foreigners creates the statistical artifact we call a "trade deficit" does nothing to make such investment less important than domestic saving and investment to the vibrancy of our economy.

Such zones, though, are simply areas spared the tax and regulatory burdens inflicted by government on other parts of a country. That is, special economic zones enjoy policies closer to laissez faire. If these zones do indeed foster economic growth, why praise government for setting them up? Government should instead be criticized for continuing to impose growth-destroying taxes and regulations outside of these special zones.

6 September 2006

To the Editor, New York Times

Edward Glick's argument that conscription is both fair and necessary ("America's youth must serve their country, one way or another," Sept. 5) is riddled with flaws. Here are just two.
First, military conscription keeps the cost of manpower artificially low to the Pentagon. The likely result is more labor-intensive ways of waging war - which means even more unnecessary mutilation and death.

Second, to conscript people is not "to ask [them] for a period of service." It is to command them into a period of slavery.

4 September 2006