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.

26 February 2006
Editor, The Washington Times
Dear Editor:

In "Debating the 'Twin Deficits'" (Feb. 26) you say that "rising trade deficits, as a simple arithmetic fact, exert a negative effect on the economic growth rate." Not so. It's true that GDP is calculated by subtracting from consumption and investment expenditures any excess of imports over exports. But because a trade deficit is simply another name for a capital surplus, a U.S. trade deficit means that the amount of investment with the U.S. is greater than it would be without this deficit. The result is more economic growth than otherwise.

25 February 2006
The Economist
Sir:

In "Opening up the big box" (Feb. 25) you overlook a significant benefit of Wal-Mart - namely, by relieving Main Street's retail spaces of the need to supply staple goods such as groceries and hardware, Wal-Mart frees these spaces to be transformed into ethnic restaurants, wi-fied cafes, art galleries, arts theaters, and specialty retail shops. Wal-Mart makes downtown areas more diverse and lively.

24 February 2006
Editor, The Washington Post
Dear Editor:

David Ignatius fears that "T-bill holders such as China and Saudi Arabia [have] the ability to punish the U.S. dollar if they decide to unload their reserves" ("Taste of the Future," Feb. 24). To see one of the many reasons why this fear is unjustified, suppose that all T-bills are owned by Americans and then replace "China and Saudi Arabia" with "Californians and New Yorkers."

Will problems caused by a dumping of these assets be less if those who dump them are Americans rather than foreigners? No. Are Americans less likely than foreigners to dump such assets? No. The nationality of asset holders is a red herring.

23 February 2006
The Editor, New York Times
229 West 43rd St.
New York, NY 10036

To the Editor:

Arguing that outsourcing U.S. port operations to foreigners endangers our national security, Clark Kent Ervin ("Strangers at the Door," Feb. 23) reports that only "about 6 percent of incoming cargo containers are inspected for security threats."

Rather than bolster Mr. Ervin's case, this fact weakens it. If Dubai Ports World truly wants to terrorize Americans, it wouldn't spend $6.8 billion on port-operations contracts. For far
less money it could today load
dirty bombs or chemical weapons
into cargo containers bound for
America and know that these
devises will almost certainly clear
customs.
22 February 2006

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

Dear Editor:

With poetic license, Steven Pearlstein writes that "God invented antitrust laws" to keep markets competitive ("Arguments for Whirlpool-Maytag Just Don't Wash," Feb. 22). That's the antitrust faith. It's wrong.

Antitrust's actual creators were late 19th-century politicians bent on appeasing politically organized butchers who were losing customers to Chicago's pioneering meat-packing firms. The complaints were that these larger firms - who slaughtered cattle in a central location and then shipped the meat to market in newly invented refrigerated railroad cars - caused meat prices to fall.

20 February 2006

Editor, The Wall Street Journal
200 Liberty Street
New York, NY 10281

Dear Editor:

The Bush administration alleges that the U.S. trade deficit with China is caused by an undervalued yuan ("U.S. Weighs Harder Line with China on Yuan," Feb. 20). For several reasons this allegation is mistaken. Most obviously, while an undervalued yuan does lower Americans' costs of buying Chinese goods and raise the Chinese's costs of buying American goods - thus promoting a U.S. trade deficit with China - an undervalued yuan also lowers Americans' costs of buying Chinese assets and raises the Chinese's costs of buying American assets - thus inhibiting a U.S. trade deficit with China.

Clearly, America's trade deficit with China results from forces other than an (allegedly) undervalued yuan.