**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.**

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3 March 2007

Dear Sen. Clinton,

I could teach a semester-long seminar on the avalanche of errors, half-truths, confusions, and question-begging assumptions roaring through your recent letter to Treasury Sec. Paulson and Fed Chairman Bernanke. My letter to you, alas, must be brief.

First some questions. You note that $2.2 trillion worth of U.S. treasuries are owned by "foreign nations." By "foreign nations" do you mean "foreign governments"? Or does your figure include also treasury holdings by private foreign citizens? Hard to tell.

Also, you say that these foreign holdings represent "44% of all publicly held United States (U.S.) debt." It's not clear what you mean by "publicly held U.S. debt" - for you obviously do not mean all outstanding U.S. debt. Today, Uncle Sam's debt is more than $8.7 trillion. The $2.2 trillion that foreign governments own is only 25 percent of outstanding U.S. government debt - a figure much lower than your 44 percent. Exactly what is the $2.2 trillion 44% of? [Note: I figured out after sending the letter what Clinton meant by saying that foreigners hold "44% of all publicly held United States (U.S.) debt." A substantial portion (more than $3.6 trillion) of Uncle Sam's debt is held by Uncle Sam himself. The rest of his debt is "publicly held" -- and of this "publicly held" amount, non-Americans now hold about 44 percent.]

More importantly, you are comically simplistic to assert that these foreign holdings of U.S. treasuries mean that Americans "can too easily be held hostage to the economic decisions being made in Beijing, Shanghai and Tokyo." The worst thing these governments can do to the U.S. with their treasuries holdings is to dump them, driving their price down. But precisely because these holdings are large, these governments themselves would suffer huge losses if, in an attempt to influence U.S. government policy, they dumped their holdings.

In fact, foreign-government holdings of U.S. debt arguably make these governments "hostage to the economic decisions being made in Washington." The Fed, after all, could monetize this debt, inflating away its value. Or Uncle Sam could repudiate this debt. Or you and your colleagues could institute economically disastrous policies that drive up long-term interest rates and, hence, drive down the value of outstanding treasuries.

For you to ignore these reciprocities and realities is inexcusable.

Sincerely,
Donald J. Boudreaux

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2 March 2007

Editor, Dow Jones MarketWatch

To the Editor:

In light of Tuesday's Wall Street sell-off, Sen. Hillary Clinton worries that we Americans are, as she said in a Senate speech, "ceding our economic sovereignty" to foreign countries ("Clinton seeks to reduce U.S. dependency on foreign capital," March 1).

I'm delighted that Sen. Clinton is concerned about one economic entity being too dependent upon decisions made by another, distant entity. So I propose that she restore my personal sovereignty by reducing my dependence upon Washington. Relieve me from having to help to repay debts incurred by Uncle Sam. Let me buy whatever pain relievers, kitchen appliances, foods, toilets, and other consumer products I choose without having to get permission from Washington. Let me buy goods and services from whomever I want without obstruction from politicians - none of whom I know, none of whom knows me, and, I'm certain, none of whom really gives a damn about me and my family.

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1 March 2007

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

To the Editor:

You report that "The SEC is examining whether the NYSE's shrinking of the floor affected the NYSE's ability to handle a surge in trading volume such as occurred during Tuesday's market slide.... The regulators are concerned that capacity issues may have exacerbated the Big Board's woes this week" ("NYSE's Trading Overload Draws Attention of the SEC," March 1).

Perhaps the NYSE did err. (Or perhaps not: the experience of a single, unusual day isn't much evidence for this proposition.) But surely the NYSE itself - a private enterprise manned by and for savvy business people seeking maximum returns on their investments - has powerful incentives to find and to correct its errors. Any "examining" done by government bureaucrats will be, at best, redundant.

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28 February 2007

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

Dear Editor:

Lance Compa argues that the Employee Free Choice Act will "shield" workers from "corporate bullying"

(Feb. 27). The implication is that the steady and continuing 50-year decline in labor-union membership in America is caused by unfair corporate tactics that prevent workers who want to join unions from voting to do so.

This argument would have more merit if union membership weren't declining also in many other industrialized countries - such as Germany, Great Britain, and Ireland (See research published in the Journal of Labor Research, Vol. 28, Winter 2007) - where no one seriously accuses corporations of bullying union organizers and workers.

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26 February 2007

News Editor, WTOP Radio

Dear Editor:

You report that the U.S. Postal Service wants to raise the price of a first-class stamp by three cents. The USPS's stated reason, as you note, is that people increasingly use e-mail and the Internet to do things once done through the mail. So because the USPS is losing customers, it wants to raise its prices.

This perverse argument is the best case for opening first-class mail delivery to competition. In competitive markets, firms that are losing customers CUT their prices. The fact that the USPS brass can think only to raise prices in response to a loss of market share speaks volumes about the need to subject that institution to the bracing winds of competition.