



## Letters to the Editor

June 12, 2012

The following are in response to our article, [Can Krugman Fix Our Economy?](#), which appeared on May 29. Additional responses are available [here](#).

In addition, we received several emails like the following: "Please take me off your list. Any firm that get's their info from Paul Krugman has some serious issues. His leftist policies are destroying Europe and are not good for the United States. Capitalism does work! Try it sometime Dr. Krugman."

Dear Editor,

Well said.

Let me offer one thought and one correction.

Thought: While I agree one should follow Krugman as he is influential, what I find incredible is few take him to task for allowing his strongly held political views to taint his scholarship. And one has to wonder: if he were a columnist for the *Memphis Commercial Appeal*, for example, would he have anywhere near the influence that emanates from it being the *New York Times*, much less from a Noble Prize recipient?

The correction: A magneto is not analogous to an alternator, but to your car's distributor (if it has one; most today do not). A magneto delivers the electrical charge to the spark plugs, but instead of being powered by the car's electrical system (battery, plus alternator plus capacitors, etc), it is powered by its own built-in electric generator. Thus, a racing car like my 1932 Bugatti, which has no battery or electrical "system" as such, uses a magneto to only power the plugs. An alternator, on the other hand, basically keeps your car battery charged when the engine is running.

Best regards,

Richard Collier  
Noela Holdings, LLC,  
Hobe Sound, FL.



Dear Editor,

Some feedback and observations for you, to be taken in the spirit intended:

Rhetoric matters. And your readers notice. Apparently we cannot have an objective reviewer for Paul Krugman. Instead we get a sidelong-snarky stealth hatchet job with which doesn't even function properly, since Huebscher agrees with all of Krugman's facts.

"But Krugman's diagnosis of the cause of unemployment is flawed and his solutions are misguided," Huebscher wrote. But he fails to back this up. After agreeing with him, he trashes him because he doesn't think Krugman was specific enough with his spending suggestions, even though Krugman says "Spending creates demand, whatever it's for." I believe "*whatever it's for*" is the operative phrase here.

"Only on page 215 is there a brief discussion of how that money should be spent, and Krugman does not offer any framework or criteria for deciding which projects should be funded"

So how does this undermine Krugman's point? It doesn't. It completely sidesteps the issue that Krugman is correct. Is Huebscher afraid to say so?

The reviewer has also apparently completely given up on reviving manufacturing jobs in the U.S., but Krugman hasn't.

The whole review seems very unfocused, peppered with belittling comments that have no place in a constructive review. There is a pontificating little sideshow about how much Huebscher thinks he knows better than FDR did, in which he vastly simplifies the recovery from the Great Depression, and completely ignores American off-shoring of manufacturing for past decades. Perhaps Huebscher thinks it isn't relevant.

Backhanded belittling is present throughout. "Krugman denies that there is a structural problem in unemployment, citing, for example, that 'only' 1.1 million construction workers lost jobs in the great recession. But to dismiss losing that many jobs as a cyclical phenomenon is inaccurate," Huebscher wrote. Note the insidious "only" quotes trying to imply Krugman doesn't think it is significant, again calculated to distract from the point Krugman was making.

This section is particularly revealing: "Krugman has an exceptionally polarized political view: Few good ideas emanate from Republicans, and he faults Democrats mainly for bowing to pressure from them. If you're willing to divorce yourself from his politics – whether or not you agree with him – you'll find his economic narrative informative and reasonably accurate." Ah, informative *and* reasonably accurate! One might think if he wasn't accurate, he wouldn't be so informative. Maybe that then goes on to – gasp – color his politics. Imagine that.



This is not an objective review. It is partisan sniping and undermining. And it has no place in a publication attempting to provide helpful investment commentary for professionals.

The financial commentary industry should be leading the charge for stimulus and jobs bills and castigating those in Congress that have been continually blocking same, at a rate unmatched in the nation's entire history. Instead, you're nit-picking Krugman because he isn't correct ENOUGH.

Thank you for an otherwise helpful article and publication.

Jeffrey T. Lyon  
JPL Financial Services, Inc.  
Houston, TX

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Dear Editor,

I agree with Huebscher. Additional stimulus is needed, but only with a clearly outlined and diligently overseen plan. To borrow another \$750 billion and give it to the banks and their executives is surely not going to help the rest of us. The structural problem that Krugman doesn't address in his proposal is the inherent conflict of interest that the relationship between our political system and corporate interest presents. Get the money out of Washington and every other problem is far easier to fix!

Thank you.

Brendan Walsh  
Walsh and Associates

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Dear Editor,

You're spot-on in your assessment of Krugman's antidotes for what economically ails us. The MINE (More Is Never Enough) crowd will always scream to feed the leviathan government more and more, but the results are always the same: more debt, and nothing else positive to show for it.

I only disagree with you on one point – and that is your agreement with Krugman "...that government spending should be an important ingredient to our recovery". I challenge you and Comrad Krugman to specify how. Assuming he means spending for misguided stimulus, the tautology that a dollar spent by the government means a dollar less to be



much more efficiently utilized by the private economy only can translate to wasted money and lower growth.

Michael Slemmer, CFA  
The Collaborative

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Dear Editor,

That was an excellent piece on Krugman.

Bill Rafter  
Mathematical Investment Decisions

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