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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13 April 2008

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

To the Editor:

Upset at what he has divined to be excessively high pay for corporate CEOs, Sen. Barack Obama wants to change "a system where bad behavior is rewarded" ("Candidates Target Executive Pay," April 12).

If Mr. Obama truly seeks to rein in institutions that systematically reward bad behavior, he should scale back government and forget about intruding into the private sector. In private markets, Smith spends only Smith's money. Smith profits or loses depending on the prudence of his choices. This tight connection between each person's actions and the consequences that he or she bears provides remarkably effective carrots and sticks encouraging private persons to behave responsibly. In the public sector, in contrast, Smith spends Jones's money. Smith profits or loses depending on how effectively he uses Jones's money to buy votes from Jackson, Johnson, Williams and other persons who are assured by Smith of their moral right to free-ride on Jones's resources. Surely, there is no surer recipe than this for rewarding bad behavior.

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12 April 2008

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

Dear Editor:

Emily DeRocco complains that "The April 9 Business article 'Don't Blame NAFTA for Downturn, Many Economists Say' quoted politicians, economists and labor representatives but not a single manufacturer - those at the heart of this wrenching debate" (Letters, April 12).

She's mistaken. Those at the heart of this debate aren't manufacturers (or politicians, economists, or labor representatives). Those at the heart of this debate are consumers. Unfortunately, consumers are too large in number and too disparate in interests to organize effectively for political purposes. The result is that consumers' interests in trade discussions are largely ignored, even though an economy's success is measured not by how well it satisfies the wishes of producers, but exclusively by how well it satisfies the demands of consumers.

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12 April 2008

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

Dear Editor:

In "Philippines Caught in Rice Squeeze" (April 12) you correctly point out that Filipinos are paying sharply higher prices for rice largely because of that country's Draconian restrictions on rice imports. The government there limits to 2.7 million metric tons the amount of rice that Filipinos can import annually, and - until just days ago - slapped a 50 percent tariff on these imports.

This policy of trying to make the Philippines self-sufficient in rice is not merely foolish; it's lethal. Looking carefully at the data, economists Ann Owen and Stephen Wu find that freer trade "is associated with lower rates of infant mortality and higher life expectancies, especially in developing countries." [http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1009899]

For a variety of reasons, including diversifying the sources of agricultural supplies, free trade gives life - which is another way of saying that protectionism kills.

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11 April 2008

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

To the Editor:

Concerned about the safety of the flying public, Rep. James Oberstar (D-MN) fears, as he says, "that complacency may have set in at the highest levels of FAA management, reflecting a pendulum swing away from vigorous enforcement of compliance, toward a carrier-favorable, cozy relationship" ("Flying the Oberstar Skies," April 11).

In other words, Mr. Oberstar assumes that airlines favor unsafe air travel. How bizarre. Suppose that all government regulation of airlines were abolished today. Does the Congressman suppose that airline executives would tomorrow fire all inspectors and maintenance crews and be largely indifferent to whether or not their planes perform safely? Does he not see that an airline's bottom line would be ill-affected by each fiery crash of a multimillion dollar asset and damage to its brand name? Is he unaware that airlines' insurers have ample incentives to work closely with airlines at keeping air-travel safety at optimal levels? In short, is Mr. Oberstar really so dimwitted to think that airlines will be safe only if they are regulated by government?

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11 April 2008

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

To the Editor:

Rightly criticizing bureaucrats who steal taxpayer money by abusing government credit cards, you summon Congress "to institute far more systematic oversight of the trashing of the public's pockets by government employees" ("Brandishing Plastic for Uncle Sam," April 11).

But let's get some perspective. While credit-card abuse by bureaucrats annually costs taxpayers (as you say) "millions of dollars," Congress has perfected the art of "trashing the public's pockets" each year to the tune of TRILLIONS of dollars. Are the deceits and shenanigans routinely practiced by elected officials to take other people's money - such as the filigree of false pretenses used to justify the transfer of unfathomable sums of taxpayer and consumer dollars to farmers, to firms protected from foreign competition, and to corporations supplying the Pentagon - morally acceptable simply because these particular methods are formally lawful? Not in my book.

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10 April 2008

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

Dear Editor:

In one letter it's possible to expose only a fraction of the falsehoods, half-truths, non sequiturs, cheap innuendo, and cockamamie conclusions that make up Harold Meyerson's "Missing: Our Trade Strategy" (April 10).

One falsehood is his claim that American manufacturing has declined. In fact, manufacturing output in the U.S. today is about 100 percent higher than it was in 1987. [http://research.stlouisfed.org/fred2/series/OUTMS?cid=2] One cockamamie conclusion is Meyerson's insistence that the way to promote widespread prosperity is to protect firms and workers from competition.

Stripped of its layers of sophistry and confusions, protectionism is revealed as being nothing more than veneration of monopoly power - a veneration typically provoked by fear of progress.

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9 April 2008

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

Dear Editor:

The depth of misconceptions about trade is displayed vividly in the text (if not the title) of "Don't Blame NAFTA for Downturn, Many Economists Say" (April 9).

First, your reporter writes that NAFTA's "boosters" predicted that this trade agreement "would add 200,000 U.S. jobs." Sure, some "boosters" predicted as much. But no serious economist did so. Economists understand that freer trade neither increases nor decreases net employment; rather, it SHIFTS employment from lower-output to higher-output industries. To criticize NAFTA for not increasing net employment is akin to criticizing penicillin for not enlarging penis size: no serious scholar expects such an outcome.

Second, your reporter accuses NAFTA's proponents of predicting - contrary to what happeed - "that the pact would help convert small trade deficits with Mexico and Canada into surpluses." Wrong. Predictions that NAFTA would generate U.S. trade surpluses were made by NAFTA's opponents (such as Ross Perot) who screeched that freer trade would cause investors to abandon the U.S. for Mexico. America's persistent trade deficits with Mexico and Canada mean that investors continue to invest especially heavily in America, thus exposing as absurd the infamous fear of a "giant sucking sound" of factories and jobs heading south across the Rio Grande.

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8 April 2008

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

To the Editor:

Robert Kennedy, Jr., might be right that electricity is best provided in Chile by means other than hydroelectric dams (Letters, April 8). His presumption, however, about the source of prosperity casts doubt on the quality of his argument.

Mr. Kennedy opposes dams because he wants to protect "nature's bounty." But nature is not bountiful. If it were, human history would be one of prosperity and long, healthy lives rather than one of oppressive poverty and short, miserable lives. Nature is miserly. The bounty that Mr. Kennedy presumes comes from nature is, in fact, the relatively recent product of human creativity and industry unleashed by free markets - and now threatened by the mindless worship of nature.

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7 April 2008

Editor, Washington Times

Dear Editor:

Not only does William Hawkins misunderstand the principle of comparative advantage, he incorrectly suggests that it is the lone pillar supporting the case for free trade (Letters, April 7).

Adam Smith didn't know about comparative advantage when he wrote THE WEALTH OF NATIONS, but his case for free trade remains powerful. Smith explained that free trade expands the size of markets, making possible capital investments and greater specialization of workers. These investments, along with the improved skills that highly specialized workers learn, increase output and wages. Confining economic activity to the nation keeps the market artificially small and, thereby, reduces opportunities for output-expanding investment and specialization.

Smith also explained a danger that Mr. Hawkins - who wants government to pick economic "champions" - overlooks: "The statesman who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a many who had folly and presumption enough to fancy himself fit to exercise it." [Adam Smith, An Inquiry Into the Nature and Causes of the Wealth of Nations (1776); Book IV, Chapter II]