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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8 June 2008

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

Dear Editor:

There's much talk these days of "glass ceilings" - witness Dana Milbank's "A Thank-You for 18 Million Cracks in the Glass Ceiling" (June 8).

Regardless of why Sen. Clinton's bid for the U.S. presidency failed, it's interesting to note that irrational discrimination and bigotry likely are overcome more readily in free markets than in politics. Consider Madame C. J. Walker. Born to former slaves in 1867, Madame Walker eventually became America's first black millionairess. In 1917 she built a mansion on the Hudson River, near estates owned by creme de la creme WASP families such as the Goulds and Rockefellers. Madame Walker earned her fortune at the height of the Jim Crow era, and mostly before women could vote in national elections, by (in her words) "manufacturing hair goods and preparations."

Madame Walker's success is evidence that no ceilings, glass or otherwise, obstruct entrepreneurial talent within free markets.

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8 June 2008

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

Dear Editor:

Michael Dirda's review of Renee Winegarten's "Germaine de Stael & Benjamin Constant" is a gem (June 8). Both Winegarten and Dirda rightly emphasize that Constant was an important liberal thinker. Constant's liberalism, however, was of the classic variety. Like today's "liberals" he championed civil liberties. But unlike today's "liberals" he was constant in his liberalism, believing that individuals should be as free as possible from government in all matters, including economic ones.

And Constant still speaks to us, warning against the increasingly fashionable "liberal" insistence that government be responsible for our happiness: "The holders of authority are... ready to spare us all sort of troubles, except those of obeying and paying! They will say to us: 'what, in the end, is the aim of your efforts, the motive of your labours, the object of all your hopes? Is it not happiness? Well, leave this happiness to us and we shall give it to you.' No, Sirs, we must not leave it to them. No matter how touching such a tender commitment may be, let us ask the authorities to keep within their limits. Let them confine themselves to being just. We shall assume the responsibility of being happy for ourselves." [Benjamin Constant, "The Liberty of the Ancients Compared to that of the Moderns," speech delivered in 1816, available at: http://www.uark.edu/depts/comminfo/cambridge/ancients.html]

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8 June 2008

Editor, Washington Times

Dear Editor:

Jeff Jacoby rightly invokes the wisdom of George Washington to counsel a healthy suspicion of politicians ("Poor, poor, pitiful pols," June 8). A more contemporary figure, the late Harvard economist Joseph Schumpeter, described even more succinctly the nature of politicians: "A statesman is the criminal who works with phrases instead of with the burglar's jimmy." [Quoted in Thomas K. McCraw, Prophet of Innovation: Joseph Schumpeter and Creative Destruction (Harvard University Press, 2007), p. 405]

It would be wise to keep Schumpeter's understanding in mind during this election year - one that will be especially full of soaring phrases designed to mesmerize us into submission to those who want more of our money and freedoms.

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7 June 2008

Editor, Washington Times

Dear Editor:

Ernest Christian and Gary Robbins nicely detail some of the irrational policies driven by political passions and preposterous presumptions ("Stupidity and the State," June 7).

One reason for this situation is that "We the People," who are supposed to monitor our government, are 300 million individuals, each evolved to be able to digest only a tiny fraction of the knowledge necessary to keep such a huge society working. In the free market, when each of us sticks to our own knitting, prices and competition weave our efforts together into a remarkably productive whole that is no part of anyone's intention.

But when We the People try to plan large swathes of society consciously, we succumb to what Hayek called "the fatal conceit." We simply are not mentally equipped to govern society with the same effectiveness and subtlety that each of us is equipped to govern our own personal affairs. So it's no surprise that governments with vast powers routinely behave stupidly: they are attempting to do the impossible while being overseen by the ill-informed.

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6 June 2008

Friends,

Here's a story in today's LA Times on one of the most remarkable institutions -- founded by one of the most remarkable individuals -- that Karol and I have ever had the pleasure and honor to know: Universidad Francisco Marroquin and its founder, Manuel Ayau:

http://www.latimes.com/news/nationworld/columnone/la-fi-guatemala6-2008jun06,0,6007673,full.story

Enjoy!

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6 June 2008

Editor, Washington Times

Dear Editor:

Howard Richman argues that a key to America's prosperity is "balanced trade" (Letters, June 6). He's confused, as evidenced by his allegation that America's recent economic slowdown is linked to America's trade deficit. The U.S has run a trade deficit for each of the past 31 years, some of which (like the present) were periods of slow growth, but many of which were periods of high growth. Indeed, the evidence suggests that trade deficits are associated with higher, rather than lower, rates of economic growth. [Daniel T. Griswold, "America's Record Trade Deficit: A Symbol of Economic Strength," Cato Institute (February 2001), available at http://www.freetrade.org/node/51]

This last point highlights another of Mr. Richman's confusions. He thinks that trade deficits mean less domestic investment. Not so. Every trade deficit (more accurately, current-account deficit) is exactly offset by a capital-account surplus - meaning net inflows of capital into the domestic economy. And more capital generally means more growth.

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5 June 2008

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

To the Editor:

Thomas Frank is correct that Barack Obama would benefit from a new reading list ("Obama Needs a Better Reading List," June 4). But Mr. Frank's suggestions are unlikely to be an improvement.

Consider, for example, Mr. Frank's tiresome insistence that America is plagued by "market idolatry." I recommend that Mr. Obama read the entire 2007 Code of Federal Regulations - all 26-plus feet of library shelf space of it. The Democratic presidential candidate will discover that Uncle Sam's greedy hand and vile nose intrude into countless aspects of Americans' lives that "market idolaters" (that is, people with a principled commitment to freedom) believe are best kept free of politics.

I recommend also that Mr. Obama improve his understanding of international economics by reading Martin Wolf's Why Globalization Works. [Martin Wolf, Why Globalization Works (Yale University Press, 2004)] To sharpen his ethics, Mr. Obama would do well to digest Douglas Rasmussen's and Douglas Den Uyl's The Norms of Liberty [Douglas B. Rasmussen and Douglas J. Den Uyl, The Norms of Liberty (Penn State University Press, 2005)] and David Kelley's A Life of One's Own. [David Kelley, A Life of One's Own (Cato Institute, 1998)] And to rid him of his juvenile notion that he is going to "change" society for the better from his hoped-for perch in the White House, Mr. Obama should study volume one of F.A. Hayek's Law, Legislation, and Liberty [F.A. Hayek, Law, Legislation, and Liberty, Vol. 1 (“Rules and Order”) (University of Chicago Press, 1973)] - a magisterial work that makes clear that society is far more vast, complex, and multidimensional than glib politicians realize.

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5 June 2008

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

To the Editor:

Thomas Frank asserts that "the rise of China and India ... was possible only because those countries shunned global commercial credit markets in the 1970s, allowing them to avoid the interest-rate shock of the early '80s" ("Obama Needs a Better Reading List," June 4). Nonsense - both theoretically and empirically. Theoretically, because a country avoids global interest-rate shocks only by avoiding global capital. No economy grows rich by keeping investors away in droves.

Empirically, because the data suggest that the recent impressive economic growth of these two countries is the result of their liberalization - China's starting in 1978 and India's in 1991. Dartmouth economist Douglas Irwin calculates that had China continued to grow at its pre-liberalization rate, real per-capita GDP in that country would be no higher than one-fifth of its level today. For India, real per-capita GDP today would be only 60 percent of its actual level had that country not liberalized in 1991. [Douglas A. Irwin, Free Trade Under Fire, 2nd ed. (Princeton University Press, 2005), pp. 166-170]

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5 June 2008

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

To the Editor:

Robert Rorden writes: "I believe that the activities of lobbyists have resulted in a corrupt government" (Letters, June 5). I think that the reverse is closer to the truth: a corrupt government has resulted in the activities of lobbyists.

Like Mr. Rorden, I'm appalled by most lobbyists' unethical readiness to plead, on behalf of their clients, for ill-gotten gains. But unlike Mr. Rorden I don't blame lobbyists for turning Capitol Hill into a parliament of whores. I blame the whores.

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3 June 2008

Friends,

Here's another former GMU Econ graduate student making great good sense. This time it's a YouTube video of the Cato Institute's Dan Mitchell explaining the clear benefits of flat taxes and tax competition.

Enjoy!

http://www.youtube.com/watch?v=qBAr0MzRFU0

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3 June 2008

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

Dear Editor:

Beware of a dangerous confusion about high food prices. You write that "higher food prices could jump-start African agriculture" ("A Greener Revolution," June 3). Yes. But because agriculture is merely the means to the end of feeding as many people as possible at as low a cost as possible, high food prices in and of themselves are nothing to wish for or to applaud, for they signal that food is scarcer than it is when food prices are lower.

Franklin Roosevelt foolishly misunderstand this point. At a time when many Americans were genuinely and chronically hungry, FDR's administration destroyed many existing food supplies and artificially limited the production of future supplies. The stated goal was to raise the prices farmers received. Higher incomes for farmers became the end. The welfare of consumers was forgotten.

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2 June 2008

Friends,

Suffolk University's Ben Powell -- a GMU Econ PhD. I proudly boast -- just published this very nice essay at Econlib.org. Ben's defense of sweatshops is well worth reading and reflecting upon:

http://www.econlib.org/library/Columns/y2008/Powellsweatshops.html

Here's a sentence from Ben's concluding section: "Not only are sweatshops better than current worker alternatives, but they are also part of the process of development that ultimately raises living standards."

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2 June 2008

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

To the Editor:

Kelly Evans writes that "inflation expectations play a huge role in determining future inflation" ("Inflation: Why What You Think Matters," May 30). Untrue. Inflation is a decline in the value of money caused by excessive growth in the supply of money.

Expectations play no "huge role in determining future inflation" for the simple reason that people spend money, not expectations. Without a larger money supply to back inflationary expectations, inflation never becomes a reality. For this reason, inflation is familiarly and correctly described as "too much money chasing too few goods" - NOT as "too many expectations chasing too few goods."