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**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 July 2008

Editor, Atlanta Journal-Constitution

Dear Editor:

We can debate just how closely the economy of 2008 parallels that of the 1970s ("Today's crunch feels like '70s," July 13). But one big difference unquestionably - and happily - distinguishes today from the dismal days of disco: no wage and price controls. This fact alone goes far toward making our prospects today brighter than they were during the presidencies of Nixon and Carter. No inflation camouflaged by government fiat, and no long lines at gasoline stations or anxiety about finding fuel.

Plus, we're much wealthier today. Those who doubt this truth can get any Sears catalog from the 1970s, study it, and ask if they'd prefer to use their 2008 incomes to buy 1970s-era products at 1970s prices, or buy today's products at today's prices. Even though nominal prices in the 1970s were much lower than prices today, very few persons would choose the 1970s option. [http://cafehayek.typepad.com/hayek/2006/01/working_for_sea.html]

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13 July 2008

Editor, Baltimore Sun

Dear Editor:

James Hogan is correct that inflation is no "boon to seniors" (Letters, July 13). But contrary to Mr. Hogan's suggestion, inflation harms seniors not simply because Social Security payments aren't properly indexed to account for it.

Inflation's most serious consequence is to make the economy less productive. Because the inflationary new money added to the economy does not rain down evenly on the populace but enters at specific points, it causes some prices to rise faster than others. During inflationary periods, therefore, prices inaccurately reflect the relative scarcities of different products and of different resources. Consumers and producers – misled by these faulty prices – make poor consumption and production decisions. Overall economic productivity declines, hurting not only seniors but everyone.

In short, inflation spreads lies throughout the economy. And neither these deceptions nor their ill-consequences would be lessened by more accurate indexing.

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12 July 2008

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

Dear Editor:

Amity Shlaes says that "Campaign Econ" - populist babble meant to win votes for politicians - has little in common with "Real Econ" ("Phil Gramm Is Right," July 12). She's absolutely correct. Expecting sensible discussions of the likes of taxes and trade from a campaigning politician is as futile as expecting scientifically sound discussions of the likes of obstetrics and gastroenterology from a backwoods faith-healer.

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11 July 2008

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

Dear Editor:

E.J. Dionne uncritically quotes Rep. Barney Frank's assertion that freer trade makes incomes more unequal: "Free trade has increased wealth, but it's been monopolized by a very small number of people" ("Capitalism's Reality Check," July 11). Rep. Frank and Mr. Dionne ought to study the recent research by the University of Chicago's Christian Broda and John Romalis. These scholars find that official measures of income distribution - which do show increasing inequality in recent years - greatly overstate inequality because they fail to account for the differential impact of trade and big-box retailing on the relative purchasing power of the poor and of the rich.

Data from 1994 through 2005 show that trade with China along with the retailing efficiencies of Wal-Mart have lowered the prices of the goods that poor people buy much more than they've lowered the prices of the goods that rich people buy. The result is that, as Prof. Broda reports on his blog, "real inequality in America, if you measure it correctly, has been roughly unchanged." [http://www.voxeu.org/index.php?q=node/1353 (A link to Broda's and Romalis's paper is available in this blog-post.)]

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10 July 2008

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

To the Editor:

Edwin Rockefeller accurately describes antitrust proceedings as "the debris of past political demagoguery" (Letters, July 10). Research shows that the 1890 Sherman Act was not sparked by fears of high, monopoly prices: real prices charged by the so-called 'trusts' fell steadily during the decade leading up to the passage of that statute. [Thomas J. DiLorenzo, "The Origins of Antitrust: An Interest-Group Perspective," International Review of Law and Economics (June 1985)] Instead, that first national antitrust statute sprung from hostility to the LOW prices charged by the innovative entrepreneurs who pioneered the use new technologies that, for the first time, enabled individual firms to serve a transcontinental market.

This populist hostility to the efficiency of firms such as Standard Oil filled Congressional debate over the Sherman Act. Congressman William Mason (R-IL), for example, thundered on June 20, 1890, that "Trusts have made products cheaper, have reduced prices; but if the price of oil, for instance, were reduced to one cent a barrel, it would not right the wrong done to the people of this country by the 'trusts' which have destroyed legitimate competition and driven honest men from legitimate business enterprises."

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8 July 2008

Friends,

In response to my letter this morning on free speech, my colleague Tom Hazlett -- of both GMU Econ and GMU Law, and former Chief Economist of the FCC -- sent me the following important history.

Don
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Don,

Your newspaper example is not theoretical. In radio, the FCC did -- under licensing rules -- eliminate editorializing by stations. In order to keep their economic assets intact (i.e., make money), stations complied. The government enforced silence. This was during the New Deal when regulators presumed that conservative station owners would editorialize against them.

Post World War II the regulators formally initiated a new regime, the Fairness Doctrine, that forced the stations to cover controversial issues. But the FCC continued to evaluate whether such issues were presented from 'balanced perspectives.' This created a tax on controversy. Lots of silence ensued from that, too.

All of this de facto censorship was enabled because, in 1943, the Supreme Court decided that the First Amendment did not fully protect broadcast speech. The case was decided on erroneous 'technical' assertions, but still stands. The Fox Broadcasting case (FCC v. Fox Television Stations (Dockett No. 07-582)), is coming up before to Court this Fall. The Court will decide whether that decision is still good law and so whether the FCC can regulate broadcast speech, as in the indecency case being reviewed. Leftish groups like Free Press, which claim to champion a free press, are supporting the FCC's pro-censorship role in amici.

TWH

8 July 2008

Editor, Baltimore Sun

Dear Editor:

According to Jeff Milchen, when the Supreme Court ruled in 1976 "that spending money to influence elections is constitutionally protected free speech" it illegitimately "wrote between the lines of the First Amendment" ("When money is speech, speech is no longer free," July 8).

Let's see. If spending money to influence elections were not constitutionally protected, Congress could, say, prevent newspapers such as the Baltimore Sun from endorsing candidates. After all, editorialists who write such endorsements must be paid salaries, as must the proof-readers, printers, and deliverers who are necessary for getting the endorsements out to readers. Also, the hardware and software used for composing endorsements, and the ink and paper necessary for printing them, cost money. Does Mr. Milchen believe that the framers meant for Congress to have the power to prevent newspapers from making such expenditures?

The exercise of free-speech rights almost always requires resources. A Congress with authority to limit the amounts that people spend to exercise those rights would be a Congress with authority to nullify the First Amendment.