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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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18 January 2009

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

Dear Editor:

Re James Q. Wilson's review of Robert Kaiser's "So Damn Much Money" ("Is Washington for Sale?" January 18): Why are people continually surprised that successful special-interest-group lobbying happens routinely in Washington? To be shocked by this reality is like being shocked that sex happens in whorehouses.

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17 January 2009

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

To the Editor:

You suggest that it might have been "a coincidence" that U.S. Airways stock price shot up by 13 percent immediately after Cap't. Chesley Sullenberger completed a remarkable emergency landing in the Hudson River ("In a Split Second, a Pilot Becomes a Hero Years in the Making," January 17). Do you think that it was also a coincidence that Cap't. Sullenberger received telephone calls afterward from both President Bush and President-elect Obama?

In fact, both set of events were perfectly predictable. Evidence of a company's ability to provide excellent service to customers inevitably and properly raises that company's market value. And just as inevitably, politicians - who have absolutely nothing to do with the commendable actions in question - horn in on the glory, smarmily trying to perfume their own malodorous profession with the scent of genuine heroism and decency.

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16 January 2009

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

To the Editor:

In his otherwise excellent column "Where Sweatshops Are a Dream" (January 15), Nicholas Kristof writes that "Mr. Obama and the Democrats who favor labor standards in trade agreements mean well, for they intend to fight back at oppressive sweatshops abroad."

Unlikely. Mr. Obama and the Democrats (and Republicans, too) are far less interested in helping poor foreigners than they are in winning votes from American workers and factory owners who compete with producers in poor countries. Given that Mr. Kristof is correct that sweatshops provide a way out of poverty for many of the world's poorest people - and given also that even the lowest-income American worker enjoys a standard of living that is princely compared to that of the typical third-world worker - efforts by western politicians to "save" foreign workers from sweatshops should be labeled properly: heartless and greedy attempts by rich western politicians to win votes from rich western citizens at the expense of the world's poorest people.

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16 January 2009

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

To the Editor:

In criticizing economists' assumption that individuals are rational ("An Economy of Faith and Trust," January 16), David Brooks misses an important point explained by my colleague Alex Tabarrok on the blog Marginal Revolution:

"Rationality is a property of equilibrium. By this I mean that rationality is habitual and experience-based and it becomes effective as it becomes embedded in the rules of thumb and collective wisdom of market participants. Rules of thumb approximate rational decision rules as market participants become familiar with an economic environment. Individuals per se are not very rational; shift the equilibrium enough so that the old rules of thumb no longer apply and we are likely to see bubbles, manias, panics and crashes. Significant innovation is thus almost always going to come accompanied with a wave of irrationality. When we shift to a significant, new equilibrium rationality itself is not strong enough to tie down behavior and unmoored by either reason or experience individuals flail about liked naked apes - this is the realm of behavioral economics. Given time, however, new rules of thumb evolve and rationality once again rules but only until the next big innovation arrives." [http://www.marginalrevolution.com/marginalrevolution/2009/01/rationality-is-a-property-of-equilibrium.html]

15 January 2009

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

Dear Editor:

E.J. Dionne reminds us of one of F.D.R.'s beliefs - a belief that Mr. Dionne shares: "'We must lay hold of the fact that economic laws are not made by nature,' Roosevelt said, directly countering the central premises of orthodox economics. 'They are made by human beings.'" ("Audacity Without Ideology," January 15).

Really? Which legislature created the fact that the more scarce is something the more valuable is that something? Which potentate first dictated that consumers will respond to, say, a lower price of apples by seeking to buy more apples? Which judge ruled that firms are more likely to build big, costly factories the larger are their expected markets? Which bureaucracy issued the regulation declaring that the division of labor is a source of increased outputs?

Untold amounts of human misery have been caused by the naivete of persons, like Mr. Dionne, who suppose that just because some aspects of reality are the result of human actions that these aspects are also the result of human design and, hence, can be rather easily re-designed to suit some intellectual's romantic fancy.

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14 January 2009

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

To the Editor:

Reporting on the recent fall in America's trade deficit, you quote Barclay's Capital economist Julia Coronado's claim that "It's still a pretty sizable trade deficit, but it's going in the right direction" ("Sharp Drop in Oil Price Helps Shrink Trade Deficit," January 14).

Doubtful, especially because this trade-deficit decline was caused, not by a rise in American exports, but by a disproportionately large fall in American imports. Given that in recent decades foreigners consistently pumped significant portions of their dollar earnings back into the U.S. economy as investment funds - and given that fewer American imports means reduced dollar earnings by foreigners - this fall in America's trade deficit is a movement in the WRONG direction, for it signals reduced investment in the American economy.

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13 January 2009

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

To the Editor:

Bob Herbert endorses a tax on financial transactions because, in his view, that's where the money is ("Where the Money Is," January 13). And he even credits Willie

Sutton for inspiring this idea.

How refreshingly frank. Mr. Herbert doesn't hide the fact that his ethics are those of a bank robber.

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13 January 2009

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

To the Editor:

Bob Herbert endorses a tax on financial transactions ("Where the Money Is," January 13). Specifically, he wants a very small tax ("say 0.25 percent") on each of the hundreds of millions of such transactions that occur daily. Surely, reasons Mr. Herbert, such a tiny tax on each transaction would do nothing to discourage legitimate financial transactions, while at the same time - because the number of such transactions is so huge - this tax would rake in immense amounts of revenue for Uncle Sam.

Brilliant! But why stop there? Our economy is full of similar revenue-raising opportunities. For example, what about a very small tax - say, 0.25 percent - on each word written by reporters and columnists in newspapers and magazines? Being so small, this tax would not discourage writers from publishing legitimate ideas. And yet, because so very many words are printed each and every day in these publications, government's haul of total revenue from such a tax would be enormous.

What say you, Mr. Herbert?

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12 January 2009

Friends,

My GMU colleague and co-blogger Russ Roberts was featured recently on NPR's Planet Money talking about Barack Obama's recent economic speech at GMU; Russ appears at the start of the show: http://www.npr.org/blogs/money/2009/01/hear_what_the_fed_did_wrong.html

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12 January 2009

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

Dear Editor:

In his superb review of Duncan Wu's new biography of William Hazlitt, Michael Dirda writes that "the essayist's signature theme must be the gloomy one of a disappointed life" (January 11). Indeed, in contrast to H.L. Mencken - a writer like him in so many ways - Hazlitt seems never to have experienced joie de vivre.

Hazlitt's personal gloominess, however, ought not be mistaken for incorrigible pessimism. Perhaps more effectively than anyone of his era, he challenged Malthus's dreary prediction of starvation caused by population growth: "A grain of corn will multiply and propagate itself much faster even than the human species. A bushel of wheat will sow a field; that field will furnish seed for 20 others." Hazlitt even predicted "green revolutions." [William Hazlitt, The Spirit of the Age (1824), p. 276]