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Comment on the Commentary of the Day

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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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22 November 2009

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

Dear Editor:

Your front-page story on talented, credentialed, and underemployed Melissa Meyer should dispel the notion that today's economic troubles are comparable to those of the Great Depression ("In recession, one road led back home," Nov. 22).

Photos from the 1930s show countless dejected people waiting in bread lines and living in 'Hoovervilles.' Your photos of Ms. Meyer show her spending her down time vacationing with her boyfriend.

[http://www.washingtonpost.com/wp-dyn/content/article/2009/11/21/AR2009112102372.html]

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22 November 2009

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

Dear Editor:

Bill McKibben famously romanticizes the environment and tries to fill persons who reject his alarmist 'green' agenda with guilt. His plea today for more vigorous action against climate change is par for the course ("Obama needs to feel the heat," Nov. 22).

But why take McKibben seriously? The first item featured on his website is his book "Deep Economy," which is described as making a "compelling case for moving beyond 'growth' as the paramount economic ideal and pursuing prosperity in a more local direction, with regions producing more of their own food, generating more of their own energy, and even creating more of their own culture and entertainment." In other words, McKibben advocates a return to the stagnant, subsistence localism that was the dominant economic feature of the middle ages - a time of routine starvation, short life-expectancies, mortifying poverty, widespread illiteracy, and unfathomable filth.

And not only does McKibben blithely advocate economic arrangements that would quickly kill billions of people and stupefy nearly all the rest, he himself rejects his own advice. This allegedly great champion of localism lives in Vermont and yet his website boasts of his speaking appearances in places such as New Orleans, San Francisco, Vancouver, Sweden, Turkey, New Zealand, and Australia.[http://www.billmckibben.com/appearances.html]

Surely locals from the Big Easy to Down Under do not need carbon emitted to transport Bill McKibben to and fro across the globe so that he can preach his lethal gospel of localism and environmentalism.

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21 November 2009

GMU econ-PhD student Brian Blase has this nice article published today at National Review Online. In it, he discusses Sen. Harry Reid's scheme to buy Sen. Mary Landrieu's vote to support Obamacare:

http://article.nationalreview.com/?q=OTE5MjllNGEwM2Q4ZGYzYzJhM2ZlYjVjMzc2YmQ1YTY=

Here's Brian's concluding paragraph:

"When the federal government is running record-setting budget deficits, encouraging states to become further dependent on the federal government for bailouts is beyond fiscal irresponsibility. During recessions, governments should evaluate their priorities and make appropriate cuts to both payroll and services. Recessions should not represent opportunities to bribe politicians from economically distressed states to pass a massive overhaul of our country’s health-care system. It certainly makes one doubt that Reid’s health-care-reform package is a genuinely good idea when he has to resort to kickbacks to even garner the support of his own caucus."

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21 November 2009

Editor, The New York Times
620 Eighth Avenue
New York, NY 10018

To the Editor:

Bob Herbert insists that manufacturing in the U.S. is a mere shadow of its past proud self - and that this alleged decline of America's "industrial base" is the result of too many Americans concentrating on finance ("An American Catastrophe," Nov. 21).

The facts speak very differently.

First, the real value of U.S. manufacturing output today is four times what it was during the alleged golden years of American manufacturing might, the 1950s, and more than twice what it was in 1980.

Second, in 1959 the percent of gross value add to U.S. GDP by nonfinancial corporate businesses was about 53 percent; in 1980 it was about 55 percent; today's it's about 50 percent - hardly evidence that the financial sector is growing cancerously and destroying or crowding-out Americans' capacity to produce non-financial outputs. [The figures in the penultimate paragraph of my letter are calculated from table B51 - and the figures in the final paragraph are calculated from tables B1 and B14 - found here: http://www.gpoaccess.gov/eop/tables09.html#erp3]

21 November 2009

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

To the Editor:

Peter Navarro asserts that "China mops up vast sums of export dollars through sterilization efforts that are tantamount to forced saving. In the process, Chinese consumers lose significant purchasing power because of the undervalued yuan - and Americans lose millions of jobs" (Letters, Nov. 21).

Ignore the question of whether or not Beijing's commitment to peg the yuan to the dollar really is currency manipulation. Instead, suppose the Chinese people truly did - voluntarily - have a very high savings rate. Would Prof. Navarro then argue that trade with the Chinese under these circumstances would cause Americans to "lose millions of jobs"? If not, why does Prof. Navarro believe that "forced savings" by the Chinese depresses American employment? From American perspective, the particular reasons WHY the Chinese save as they do are economically irrelevant.

But if Prof. Navarro does believe that even voluntarily high savings by the Chinese makes U.S. trade with that country a source of higher unemployment in America, then Prof. Navarro must believe that America's best trading partners are those foreigners who are most profligate – in which case Prof. Navarro should also believe that HE is better off trading with individuals who are profligate than with individuals who save and accumulate capital. I wonder if Prof. Navarro trades only with mall-rat teenagers and other irresponsible spendthrifts. Given his economic ideas, he should seriously consider this course of action.

20 November 2009

Editor, The New Yorker

Dear Editor:

James Surowiecki rightly decries the economic distortions created by government taxing income financed with debt far more lightly than it taxes income financed with equity ("The Debt Economy," Nov. 23). But why does Surowiecki presume that the lighter taxation of debt-financed income subsidizes debt? He could just as correctly say that the heavier taxation of equity-financed income imposes an excessive burden upon equity.

It follows that these distortions can be eliminated (contrary to Surowiecki's presumption) by lowering taxes on equity rather than by raising taxes on debt (or by some combination of the two).

Anyone who rejects the argument of the previous paragraph is compelled to accept some strange and surprising conclusions - such as that taxing the incomes lower-income persons more lightly than the incomes of higher-income persons is a distorting subsidy that can be eliminated only by raising tax rates on poor Americans to the same heights as the rates imposed on rich Americans.

19 November 2009

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

Dear Editor:

Harold Meyerson is confused about the U.S. trade with China ("A marriage made in China," Nov. 18).

As incontrovertible evidence that American exporters and producers are harmed by U.S.-China trade, he points to the fact that, since the 1998 agreement that normalized trade between the two countries, America's trade deficit with China has grown. Indeed it has, in absolute terms.

But U.S. imports from China as a proportion of U.S. exports to that country have FALLEN during this time - from 6.24 in 1999 to 4.72 in 2008. Put differently, the real value of America's exports to China have grown by more (323 percent) than have America's imports from that country (220 percent). [http://www.uschina.org/statistics/tradetable.html (inflation adjustment calculated here: http://www.minneapolisfed.org/)]

18 November 2009

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

Dear Editor:

Harold Meyerson's discussion of U.S. trade with China is a buffet of errors ("A marriage made in China," Nov. 18).

For example, portraying trade with China as gutting both America's export potential and America's manufacturing base, he fails to mention two crucial facts: First, the inflation-adjusted value of U.S. exports to China in 2008 were more than 300 percent greater than they were in 1998, the year the U.S. normalized trade with China. [See: http://www.uschina.org/statistics/tradetable.html (with adjustment for inflation done at: http://www.minneapolisfed.org/)]

Second, the real value of U.S. manufacturing output continues to rise. By the end of 2008 – despite the economic downturn – manufacturing output in the U.S. was 13 percent higher than it was in 1998. [See table B-51 at: http://www.gpoaccess.gov/eop/tables09.html#erp3]

Another error is Mr. Meyerson's assertion that "By artificially depressing its currency and making its exports cheaper, China is compelling other nations to erect trade barriers." Put aside the question of whether or not China truly is "artificially depressing its currency." Other nations are no more "compelled" to erect trade barriers in response to Beijing's cheap-yuan policy than these other nation's would be "compelled" to torpedo their own merchant-marine ships in response to Beijing torpedoing Chinese merchant vessels.

17 November 2009

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

To the Editor:

John Micetich argues that "if we add up the bailouts to all financial firms, we're well over $1 trillion, at least 10 times more than the Fred/Fan bailout. Therefore, let's put most of the blame where it belongs: Wall Street investment houses and commercial banks voluntarily taking inordinate risk with shareholder money" (Letters, Nov. 17).

Let's say that your brother Bob is pastor of a church. You - a successful gangster - make it known to Bob that you stand ready to repay any of the church's debts if ever Bob finds the church's cash flow to be inadequate.

Whom would Mr. Micetich blame if Bob then launches ambitious construction projects to expand the size of the church, only later to find that his parishoners' contributions are too small to allow payment of the church's debts? Surely he won't blame brother Bob, for Bob quite rationally relied upon your promise to backstop these debts.

The blame clearly is yours, which would be forgivable if your generosity were made manifest with money you earned honestly. But because you forcibly confiscate money from others, the ultimate losers in this little tragedy are the persons whose wealth you seize - the persons whose seized wealth supports your gaudy lifestyle and your faux-generous promises to brother Bob.

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16 November 2009

Editor, Jacksonville.com

Dear Editor:

The only thing worse than the satire in Joseph Steinman's criticism of capitalism is Mr. Steinman's command of the facts ("Private enterprise: Far from a perfect system," Nov. 16).

For example, it's untrue that health-care in the U.S. is supplied by "a mostly unencumbered private sector." Medicare, now with an annual budget of $523.6 billion, accounts for nearly one in every four dollars spent on health-care in America. Other interventions include regulations that restrict consumers' ability to shop for health-care insurance across state lines; licensing requirements for physicians, dentists, and nurses - requirements that artificially reduce the supply of these health-care providers; and the necessity of securing F.D.A. approval for all new drugs and medical devices.

Whether or not one approves of these interventions, it's impossible to legitimately deny that they exist and that they significantly affect Americans' access to health-care.

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16 November 2009

Editor, The New York Times
620 Eighth Avenue
New York, NY 10018

To the Editor:

Paul Krugman asserts that Beijing increases global unemployment by "siphoning much-needed demand away from the rest of the world into the pockets of artificially competitive Chinese exporters. ("World Out of Balance," Nov. 16). This nefarious outcome allegedly results from the Chinese depressing the value of the renminbi "by trading renminbi for dollars, which they have accumulated in vast quantities."

Not quite. The Chinese don't hold lots of actual dollars; they hold lots of dollar-denominated securities. This distinction is significant, and should be a relief for Mr. Krugman given his current fetish for massive deficit spending by Uncle Sam. You see, when the Chinese buy these securities they return actual dollars to circulation. Because the largest seller of these securities is the spend-like-a-drunken-sailor U.S. government (which sells these securities to fund its massive budget deficit), many of the actual dollars that Mr. Krugman believes Uncle Sam must spend to save the economy come from the Chinese.

Would Mr. Krugman have the Chinese dramatically reduce their purchases of U.S. Treasuries? His column today suggests that the answer is "yes" - but his frequent calls for more deficit spending suggest that the answer is "no." Awfully confusing.