



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.

25 July 2010

Editor, Los Angeles Times

Dear Editor:

Regarding the uproar over the outlandish salaries paid to top "public servants" in the city of Bell, I'm surprised that none of your letter writers today mention Bell's neighboring city of Maywood. As reported by the New York Times, Maywood "City officials last month fired all of Maywood's employees and outsourced their jobs." And guess what? This radical experiment, at least so far, is working beautifully - as the title of the NY Times report

indicates: "A City Outsources Everything. Sky Doesn't Fall" (July 20).

So, why don't the citizens of Bell fire their \$800,000-annual-salary chief executive along with the entire city council and outsource city management itself? Turn over management of the city's police, sewerage maintenance, public transportation, municipal record keeping, and other city functions to a company experienced in managing shopping malls. These private firms routinely hire and manage police, maintain sewers, operate public transportation (elevators and escalators),

and deal with crowds that move through thoroughfares and spaces open to the public. And given the ubiquity and popularity of shopping malls throughout America, these property-management firms do a darn good job.

Fire the bureaucrats. Hire the entrepreneurs.

24 July 2010

Editor, The Wall Street Journal
 1211 6th Ave.
 New York, NY 10036

To the Editor:

Undersecretary of Commerce for International Trade, Francisco Sanchez, boasts about the Obama administration's efforts to boost U.S. exports (Letters, July 24).

Alas, there's nothing special about exports - which is to say, there's nothing special about the geographic locations in which products are sold. Economic activity serves the public interest best when competition drives firms to produce those outputs whose sales yield the highest profits. If some of those sales are to foreigners, that's fine. But it's poor reasoning to conclude that because competition leads 100 American-made products to be profitably exported, then Americans would be even wealthier if government distorts competitive markets to ensure that 150 American-made products are exported.

Exports, as such, are no more or less fundamental to a country's economic prosperity than are, say, products that are yellow. Suppose that in competitive markets growers of lemons and sunflowers thrive, along with producers of yellow polka-dot bikinis. Would it

therefore be wise economic policy for government - impressed by the profits earned by these yellow-thing producers - to artificially encourage the production of greater numbers of yellow things? Clearly not, yet a similar error is applauded when the products are labeled "exports."

24 July 2010

Editor, The Wall Street Journal
1211 6th Ave.
New York, NY 10036

To the Editor:

Undersecretary of Commerce for International Trade, Francisco Sanchez, applauds U.S. Trade Representative Ron Kirk for "negotiating tough bargains, ensuring that when America gives other countries the privilege of free and fair access to our market, U.S. businesses will get the same treatment in theirs" (Letters, July 23).

Question for Mr. Sanchez: What is this "our market" to which Uncle Sam allegedly holds the keys?

There is no single "our market" that requires a collective doorkeeper and bouncer. Instead, in the U.S. there are a couple

hundred million individual such 'markets' - individual consumers - and access to each of these markets is best governed by each of the consumers whose own money is being spent and whose specific and unique demands are meant to be satisfied by the expenditure of that money.

Like every American, I'm perfectly capable myself of giving producers "the privilege of free and fair access" to the market for my consumer dollars - and of denying that access as I choose.

24 July 2010

Editor, The Wall Street
Journal
1211 6th Ave.
New York, NY 10036

To the Editor:

Undersecretary of
Commerce for International
Trade Francisco Sanchez
praises "[U.S. Trade]
Ambassador Ron Kirk's
commitment to negotiating
tough bargains, ensuring
that when America gives
other countries the
privilege of free and fair
access to our market, U.S.
businesses will get the
same treatment in theirs"
(Letters, July 23).

Translation: "Ambassador
Ron Kirk is committed to
holding the interests of
American consumers
hostage to the interests of
American corporations and
labor unions. He is tough
in his determination to
ensure that any trade deals
struck on his watch will
shield politically powerful
U.S. producers from the
competitive consequences
of free consumer choice."

23 July 2010

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

To the Editor:

David Brooks nicely
summarizes recent
research that suggests that
moral rules "emerged from
a long history of
relationships" ("The Moral
Naturalists," July 23). A
chief conclusion, as he
describes it, is vital: "To
learn about morality, you
don't rely upon revelation
or metaphysics; you
observe people as they
live."

It's worth noting that Adam
Smith arrived at the same
conclusion 251 years ago.
In *The Theory of Moral
Sentiments* (1759), this
brilliant scholar - who, in
1776, published an even
more influential book -
wrote that "Our continual
observations upon the
conduct of others
insensibly lead us to form
to ourselves certain
general rules concerning
what is fit and proper either
to be done or to be
avoided." [Adam Smith,
*The Theory of Moral
Sentiments* (Indianapolis:
Liberty Fund, 1976 [1759];
following the text of the
1853 London edition edited
by Henry G. Bohn), pp.
263-264]

Just as workable economic
arrangements are not, and
cannot be, designed and
imposed by a higher

power, so too, in Smith's
view, workable morality
itself is the product not of
any grand design but of the
everyday actions,
reactions, and
observations of ordinary
people going about their
daily business.

22 July 2010

Editor, Baltimore Sun

Dear Editor:

Writing to support
Baltimore's proposed
"living-wage" legislation,
Rion Dennis says that
"Every study which has
been conducted on living
wage laws has shown they
do not increase the cost to
employers, because the
higher wages paid lead to
decreased turnover, which
lowers the costs of hiring
and training as well as
reducing workplace errors"
(Letters, July 22).

Mr. Dennis is mistaken.
Using Google, in less than
a minute I found several
studies that conclude that
"living-wage" legislation
raises employer costs –
see, for example, Harry J.
Holzer, "Living Wage Laws:
How Much Do (Can) They
Matter?" published in 2008
by the Urban Institute.

Such findings aren't
surprising. If businesses

really could reduce their labor turnover and workplace errors simply by raising workers' wages and not suffer corresponding higher costs, then it's simply unbelievable that competition - both for employees and to improve their firms' performances - would not oblige businesses to take these steps on their own, before being forced to do so by meddling politicians.

22 July 2010

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

Dear Editor:

You're right to worry that Uncle Sam responded to the public's anxiety about terrorism by creating a vast intelligence bureaucracy with bloated budgets that strain our wallets and arbitrary powers that mock the Constitution as they threaten our freedoms ("The overgrowth of intelligence programs since Sept. 11," July 22).

But why do you not also worry about similar extensions of government's reach into areas such as health-care and finance? As with fears of terrorism, Americans' concerns about the cost of medical care

and the role of Wall Street have been cynically stoked and used by politicians to expand the role the state. Vast and bloated bureaucracies are being created to exercise arbitrary powers that are unconstitutional as well as a threat both to our freedoms and to our prosperity.

Will bureaucrats in, say, the new Bureau of Consumer Financial Protection spend taxpayer funds more wisely than do bureaucrats in the NSA? Is the power to command people to purchase health insurance, or the power to prohibit consenting adults from buying and selling certain kinds of financial instruments, really so mild and beneficial that we should calmly welcome the exercise of these powers while we simultaneously quake with fear at the exercise of "intelligence" powers?

21 July 2010

Editor, Baltimore Sun

Dear Editor:

Marta Mossberg is correct that the proposed "living-wage" bill for Baltimore will hurt the poor ("A 'living wage' bill Baltimore can't live with," July 21). This

unintended effect is the inevitable result of prohibiting workers from accepting any wage lower than \$10.57 per hour - a wage well above the hourly value that many unskilled workers are capable of producing for employers.

So why are so many people enthusiastic about statutes such as this one?

Proponents of such legislation are economic creationists. They do not grasp the fact that beneficial economic arrangements emerge - and emerge only - without being designed by an altruistic higher power (namely, government). Widespread prosperity and economic order are taken on faith as resulting from the conscious intercession of a sovereign superior whose incantations, ceremonies, and commands work miracles. And, typically, persons who challenge this creationist dogma are accused by its True Believers of being devils sent from the underworld to disrupt the heavenly work of the creating angels.

20 July 2010

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

Dear Editor:

Anne Applebaum's skepticism that a large number of middle-class Americans truly are committed to giving up the benefits that they (imagine they) get from government is warranted ("A government of the people's every wish?" July 20). What a sorry state of affairs.

Justified in theory as an institution to stop individuals from preying upon each other, the state in practice has become the chief orchestrator of such predation. In the words of the 19th-century French economist and statesman Frederic Bastiat, "The state is the great fictitious entity by which everyone seeks to live at the expense of everyone else."

[\[http://oll.libertyfund.org/index.php?option=com_content&task=view&id=1392&Itemid=275\]](http://oll.libertyfund.org/index.php?option=com_content&task=view&id=1392&Itemid=275)

What is fictitious, of course, is not the state itself - it's all too real - but the set of benefits that it allegedly bestows: these 'benefits' cost far more than they are worth.

20 July 2010

Friends,

Writing at The Economist, my GMU and Mercatus Center colleague Tyler Cowen offers a brief yet important lesson on Labor Economics 101 - specifically, on the misleading ambiguity of the term "cheap labor": http://www.economist.com/economics/by-invitation/guest-contributions/important_things_chinese_productivity_rising

19 July 2010

Editor, The Wall Street Journal
1211 6th Ave.
New York, NY 10036

To the Editor:

Alan Blinder asserts that opposition by tax-cut proponents to further increases in government spending is inconsistent ("Obama's Fiscal Priorities Are Right," July 19). Not so.

Interpreting reality through a Keynesian template, Mr. Blinder assumes that tax cuts "stimulate" the economy only in the same way that government spending does: by increasing aggregate

demand. In fact, though, the chief argument for tax cuts is not that they increase aggregate demand but, rather, that they increase the return to productive effort and risk-taking.

Perhaps I and other advocates of tax cuts are mistaken to predict that letting producers and risk-takers keep more of the fruits of their efforts will boost employment and economic growth. Regardless, our advocacy of tax cuts not only is consistent with our objection to more government spending - it DEMANDS such an objection because higher government spending inevitably entails higher taxes.

