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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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2 December 2010

Editor, New York Post

Dear Editor:

The arguments that Maureen Callahan lobs as grenades against technological change and trade are duds ("Not made in the USA," Dec. 12). The reason is that each of these arguments would have been equally applicable to 19th-century America, with the only difference being that the fear back then would have been the decline of agricultural employment rather than of manufacturing and low-skill service-sector employment.

In 1820, 79 percent of Americans worked in agriculture. This number, however, was progressively reduced by improvements in technology. Chemical fertilizers and pesticides; mechanized planting and harvesting equipment; refrigeration; improved veterinary medicine; better irrigation; faster transportation; and improved packaging for produce - along with more food imports made possible, in part, by motorized sea and air travel - all "destroyed" millions of agricultural jobs.

Would the proper policy in the 19th century have been to stymie these changes because many workers who knew nothing but farming lost their agricultural jobs? If you agree that the answer is "no," then it's senseless to draw policy conclusions from Ms. Callahan's lament for "the 45-year-old toll taker replaced by the E-Z Pass" and "the 50-something cashier replaced by a self-service scanner." These jobs, and the others whose demise Ms. Callahan mourns, were themselves made possible only because technology and trade had earlier eliminated the need to have so many people toil on farms and ranches.

Contrary to Ms. Callahan's

claim, the trend of technology and trade changing the contours and contents of economic opportunity did not begin 30 years ago: it began in earnest in the 18th century. And contrary to Mr. Callahan's suggestion, this trend is utterly essential to continued economic prosperity.

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10 December 2010

Mr. Charlie Stross
Charlie's Diary

Dear Mr. Stross:

You write today at your blog that "Corporations do not share our priorities. They are hive organisms constructed out of teeming workers who join or leave the collective: those who participate within it subordinate their goals to that of the collective, which pursues the three corporate objectives of growth, profitability, and pain avoidance. (The sources of pain a corporate organism seeks to avoid are lawsuits, prosecution, and a drop in shareholder value.)

"Corporations have a mean life expectancy of around 30 years, but are potentially immortal; they live only in the present, having little regard for past or (thanks to short term accounting regulations) the deep future: and they generally exhibit a sociopathic lack of empathy." [http://www.antipope.org/charlie/blog-static/2010/12/invaders-from-mars.html#more]

Well now….

While I don't defend the special privileges that politically influential corporations receive, the entity you describe here is much more like government than like the typical corporation.

Governments successfully pursue growth (look at the data); they're enormously profitable for those who claw, connive, or charm their way into top political positions (look at the data); their operatives infamously sell their souls to avoid the pain of losing the next election (look, for example, at Al Gore's recent confession of wooing Iowa voters, during one of his presidential bids, with lies about his enthusiasm for corn-based ethanol); their time-horizons never extend beyond upcoming elections (see the previous point); and they are humankind's hands-down champs at exhibiting "a sociopathic lack of empathy" (look at the bloody annuls history, starting with Robert Conquest's documentation of the tens of millions of people killed by their own governments in the 20th century alone).

The typical corporation might not "share" my "priorities," but I'm under no obligation to patronize it. Not so with the state: it commands, and I obey under penalty of death. Do you believe this latter arrangement to be better for ordinary men and women than the former?

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10 December 2010

Editor, FT.com

Dear Editor:

Reporting on the fall in the US trade deficit, your writers cheer that "The new data are especially encouraging because they show stronger overseas demand for US industrial goods and suggest that some of the rise in imports this year may have been temporary" ("Exports shrink US trade gap," Dec. 10).

Let me get this straight: we Americans should find it "especially encouraging" that we're on track to produce more for foreigners while foreigners are not on track to produce more for us? Is that correct?

If it's really true that America's economy is strengthened whenever the ratio of our exports to our imports rises, then we should trade, not with other countries, but with the open ocean. Let's daily load hundreds of cargo ships with American-made goods; pilot these ships out to sea; and then dump all the cargo into the open ocean. Lots of exports; zero imports; no trade deficit.

Sounds like a formula for prosperity, eh?!

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10 December 2010

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

To the Editor:

Paul Krugman writes: "But a large part of the tax cuts, especially those for the wealthy, would not be spent, so the tax-cut extension increases the budget deficit a lot while doing little to reduce unemployment" ("Obama's Hostage Deal," Dec. 10).

Prof. Krugman is unfair to your readers in his failing to at least acknowledge the main argument that many economists offer against raising tax rates. This argument is that higher tax rates on incomes and capital-gains - by reducing the return to work effort, savings, and risk-taking - constrict economic activity and, thereby over time, diminish economic opportunities and reduce real wages.

The chief argument for lower tax rates is NOT that these lower rates prompt more immediate consumer spending but, instead, that they prompt more investment, risk-taking, enterprise, and production.

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9 December 2010

Editor, Los Angeles Times

Dear Editor:

You write that "Washington's compromise on estate taxes provides an unnecessary handout to a few thousand wealthy families" ("The state of estates," Dec. 9).

Whatever are the merits, or lack thereof, of a tax on estates, you are deceptively wrong to call a decision not to raise that tax a "handout." Because taxes are paid from resources created and earned by private citizens, resources that are not taxed are not "handed out" to the people who created or earned them; these people already rightfully own these resources.

It makes no more sense to describe government's (non-)act of not raising taxes as a "handout" than it does to describe my (non-)act of not stealing your purse as a "handout." Failure to understand this fact creates the mirage that government is the source and original owner of all wealth. Not only is such a notion of the state utterly false empirically, it is also - because it is a close cousin of the notion of the divine right of kings - the seed of tyranny.

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9 December 2010

Friends,

Thanks for enduring my daily barrage of e-mails. I write and send them largely for selfish reasons: I love doing it. (Plus, writing those letters is a release valve that keeps my blood-pressure from reaching fatal levels.)

My letters (and the other items that I occasionally send to you) are only part of what we do - and I think do very well - at GMU Economics: public outreach and economic education. Economics has a long and (largely) impressive history of scholarly achievements, but my profession's success at improving the general-public's understanding of economics is poor.

At GMU, my letters-to-the-editor are only the most modest part of a larger effort to change that "poor" to "successful." Such public outreach is undertaken by an impressively large number of my supremely talented colleagues.

Tyler Cowen and Alex Tabarrok blog at Marginal Revolution; Bryan Caplan blogs at EconLog, Robin Hanson blogs at Overcoming Bias, Pete Boettke, Chris Coyne, and Pete Leeson blog at Coordination Problem, Larry White blogs at Division of Labour, and Charles Rowley at Charles Rowley's Blog. Oh, and Russ Roberts and I blog at Cafe Hayek.

Many of these blogs by GMU economists are among the most widely read and cited econ blogs in the world.

In addition to our blogs, my colleagues and I reach out to the public using other means. Russ Roberts's weekly podcast at EconTalk is one of the world's leading economics podcasts - and Russ's economic novels are in a class all their own (not to mention his two Hayek-Keynes rap videos!).

And my great colleague Walter Williams is a frequent guest host on the Rush Limbaugh radio program.

We're also very active at writing newspaper columns and op-eds. Walter Williams has a syndicated column that runs in hundreds of newspapers weekly, as well as a regular column in The Freeman. Tyler has a regular column at the New York Times, Tom Hazlett writes for the Financial Times, and I have a twice-monthly column in the Pittsburgh Tribune-Review in addition to my regular Freeman column.

Also, my colleagues' op-eds and other works are routinely featured in widely read national publications such as the Wall Street Journal, USA Today, the Christian Science Monitor, and Reason.

These outreach efforts - and still others (such as tv interviews) - are vital if the public's understanding of economics is to improve.

Yet this ceaseless flurry of activity is all done in between the time we spend doing our day jobs: teaching our undergraduate and graduate students, and the time we spend researching to write our books and scholarly articles.

No other economics department in the world puts out as much - and as high-quality - material for general public edification and education as does GMU Economics. And all the while we continue also to be a leading research and teaching institution.

I offer the above boasts as a prelude to asking for your financial help to keep GMU Economics strong and to keep our funding as private as funding can be for any unit of a state university.

We rely heavily on private contributions, small and large, to support our students, our outreach efforts, and our faculty research.

So if you're of a mind this holiday season, please do consider making a contribution - of any size - to GMU Economics. It's tax-deductible, of course, but, more importantly, it promotes quality economic education of a sort, and with an enthusiasm, that is utterly unique and, I believe, utter essential.

Checks can be made payable to "GMU Foundation," and mailed to

Prof. Dan Houser, Chairman
Department of Economics
Enterprise Hall
George Mason University
Fairfax, VA 22030

Wishing you all the best for the holidays and for 2011.

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9 December 2010

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

Dear Editor:

Matt Miller is furious that Pres. Obama won't raise taxes on any Americans ("Tax cuts for the rich, or better teachers in schools?" Dec. 9). The reason for Mr. Miller's anger is, of course, the children - in particular, America's K-12 students who perform poorly in math. Far better for the children, Mr. Miller asserts, that government raise taxes and spend the money improving education than to let that money remain with the people who earn it.

This thesis rests on several dubious assumptions, but none more questionable than the one that equates higher government spending on education with better education.

Over the past forty years, Washington's inflation-adjusted per-pupil spending on K-12 education has more than doubled. Yet as the Cato Institute's Neal McCluskey reported recently, "There's been essentially no change in high school math achievement for the last nearly four decades." [http://www.cato.org/pub_display.php?pub_id=12593]

To shovel yet more lucre into public-school bureaucracies is to reward failure. And to do so by raising taxes on income earners is to punish success. That formula just doesn't compute.

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8 December 2010

Program Editor, WTOP Radio
Washington, DC

Dear Sir or Madam:

I have misgivings about your coverage of the 30th anniversary of the death of John Lennon.

No one has been a Beatles fan longer, more consistently, and more devotedly - even obsessively - than me. But Lennon was a gifted songsmith, period. His political philosophy was puerile and as predictable as sightings of peace symbols in Haight-Ashbury during the summer of love. "Love" is not all the world needs, and whenever I imagine no possessions I see only a sanguinary free-for-all.

I'll continue to enjoy Lennon's music. But his political 'philosophy' is to human enlightenment what, say, a rock concert by Milton Friedman would have been to human entertainment.

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8 December 2010

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

Dear Editor:

Harold Meyerson bewilderingly writes, "But money invested in American companies these days is as likely to be spent abroad as in the United States. By 2008, 48 percent of the revenue of the Standard & Poor's leading 500 companies came from abroad - up from 32 percent in 2001" ("The paucity of hope - and other victims of Obama's tax-cut deal," Dec. 8).

The first muddle is that Mr. Meyerson confuses investment with revenue. The former is an expense and the latter is a receipt, but Mr. Meyerson interprets a rise in U.S. businesses' foreign-earned revenues as a rise in U.S. businesses' foreign spending.

The second muddle is his lament that the revenue earned abroad by S&P 500 companies is increasing. Because Mr. Meyerson frequently complains about America's trade deficit, he should applaud increased earnings from abroad - for the more revenue American firms earn abroad, the lower is America's trade (or, more accurately, current-account) deficit.

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7 December 2010

Friends,

Here's my GMU Econ colleague Larry White, appearing tonight on C-SPAN (along with Judy Shelton, Rep. Paul Ryan, and others), in defense of sound money and in opposition to central banking: http://www.c-spanvideo.org/program/SoundM

Larry's ten-minute-long remarks start around the 47min., 15 sec. mark.

Larry, specifically, discusses his, George Selgin's, and William Lastrapes's recent paper "Has the Fed Been a Failure?"

Enjoy -- and learn!

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7 December 2010

Sen. Mary Landrieu
U.S. Senate
Capitol Hill
Washington, DC

Dear Sen. Landrieu:

Your negative reaction to the proposal not to raise taxes in January on upper-income Americans is - and I quote - "We're going to borrow $46 billion from the poor, from the middle-class, from businesses of all sizes basically, to give a tax cut to families in America today that, despite the recession, are making over $1 million. This is unprecedented."

No. Because allowing people to keep more of their own money is not itself an expense, any borrowing Uncle Sam does as a result of reduced tax revenues is a consequence of your and your colleagues' refusal to cut spending by the amount of the revenue reduction.

Moreover (not that it matters as far as the principle is concerned), but how difficult can it be to cut $46 billion in spending from a $3.8 TRILLION budget? Is it really so difficult, so cruel, so illiberal to reduce federal-government spending by 1.2 percent?

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7 December 2010

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

To the Editor:

Upset at the GOP's strategy for securing Pres. Obama's agreement to extend all of the Bush tax cuts, Janet Kehl writes that "Holding much-needed relief for millions of desperate unemployed Americans hostage to tax cuts for multimillionaires is despicable" (Letters, Dec. 7).

What's despicable is holding a proposal that allows some Americans to keep more of their own money hostage to a policy of giving other Americans more of other people's money.

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6 December 2010

Friends,

Three splendid items to share. This first is my GMU colleague Dan Klein's hot-of-the-epress essay, at Cato Unbound, entitled "Against Overlordship." Among other achievements, Dan challenges 'libertarian paternalism': http://www.cato-unbound.org/2010/12/06/daniel-b-klein/against-overlordship/

The second item is a podcast that my GMU colleague Russ Roberts did with my buddy George Selgin. It's on George's paper with Bill Lastrapes and my GMU colleague Larry White, entitled "Has the Fed Been a Failure?" http://files.libertyfund.org/econtalk/y2010/SelginFed.mp3

The third is this terrific essay by Dwight Lee on the political economy of morality and rules: http://www.econlib.org/library/Columns/y2010/Leemorality.html

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6 December 2010

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

Dear Editor:

E.J. Dionne laments the demise of a tax proposal that he says "could have shifted the tax burden away from middle-income taxpayers toward the wealthy" ("Can Democrats step up their game?" Dec. 6).

In 2008, for the typical household in the top one-percent of income-earning households in America, the percent of its adjusted gross income that it paid in income taxes was 23.27. Middle-income households paid less. For households whose earnings put them in the top 50 percent, but below the top 25 percent, of income earners, the percent of their adjusted gross income paid in income taxes was, on average, 6.75. For households in the bottom 50 percent of income-earners, the percent of their adjusted gross income paid in income taxes was, on average, 2.59. [http://www.taxfoundation.org/news/show/250.html]

Seems as if the shift in tax burden that Mr. Dionne desires has already occurred.

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6 December 2010

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

Dear Editor:

Does E.J. Dionne check facts before he writes his columns? Apparently not always, as today he laments the failure of what he describes as a "proposal [that] could have shifted the tax burden away from middle-income taxpayers toward the wealthy" ("Can Democrats step up their game?", Dec. 6).

In 2008 (the latest year for which accurate data are available), the bottom 95 percent of income-earning households - a group that surely includes "middle-income taxpayers" - paid 41 percent of the revenue taken in by Uncle Sam from the personal income tax, while the top 5 percent of income-earning households paid 59 percent of this tax revenue. And looking only at the top 1 percent of income-earning households - surely "the wealthy" - they paid a whopping 38 percent of federal personal income tax revenue.

[http://www.ntu.org/tax-basics/who-pays-income-taxes.html]

If Mr. Dionne is unfamiliar with these data, shame on him. If he IS familiar with these data, perhaps he'll tell us what percentage of the tax burden he believes upper-income households should shoulder in order for the tax burden to be distributed fairly.