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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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19 December 2010

Editor, Los Angeles Times

Dear Editor:

Tom Lutz is probably correct that Rep. John Boehner's much-publicized weepings are nothing more than trashy political theatrics ("A crying shame," Dec. 16). But Mr. Lutz is incorrect to assert that it is a "deep contradiction" to claim to care about children while being against government programs such as "health insurance for children,.... against unemployment benefits, against equal pay, against food safety, against money for teachers, against raising the minimum wage, against tobacco education, mine safety, alternative energy, pollution control, whistle-blower protection, science and technology research."

To oppose government provision of such things is not be "against" such things. Many people - including myself - share Mr. Lutz's wish that every American enjoys unemployment insurance, safe foods, safe mines, scientific research, high pay, affordable health care, and all the other advantages of modern commercial society. What we don't share with Mr. Lutz is his assumption that these benefits can be provided only (or best) by government. The market, we believe, is a more reliable provider.

Maybe those of us who argue that ordinary people will be more prosperous and secure with less government are mistaken. But as long as Mr. Lutz and other "Progressives" continue to impute sordid or schizophrenic motives to persons who wish to rein in the state, they disadvantage themselves politically by failing to understand their opponents.

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18 December 2010

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

Dear Editor:

Saul Hoch samples his socks, his jacket, and a few other goods in his home and – finding them all labeled as being made outside of the USA – concludes that Americans no longer produce enough output (Letters, Dec. 18).

Mr. Hoch is a victim of misleading labeling. The U.S. economy is overwhelmingly a service economy, specializing in producing ideas and in performing high-skilled operations. Yes, Mr. Hoch's socks say "Made in Swaziland," but who developed the computer software to operate the loom that wove the cloth used to make his socks? Who designed the loom itself? Who figured out how to transform crude oil into the elastic in the socks? Who devised the method for pooling risks so that the Swaziland factory is profitably insured against fire and that the cargo ship carrying his socks to America is profitably insured against sinking? Who supplies the banking services for the factory to receive and make necessary payments? Who's the architect that designed the department store where Mr. Hoch bought his socks? The list of such questions can be greatly extended.

Most of these services were undoubtedly supplied by non-Swazis, including Americans. Without them Mr. Hoch's socks would be a darn sight more pricey. But services, by their nature, don't come with labels attached. In fact, Mr. Hoch's socks – and nearly everything else that he consumes – should be labeled "Made on earth," for they truly are a global phenomenon.

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17 December 2010

Editor, USA Today

Dear Editor:

Among your chief justifications for the estate tax is that people who inherit wealth didn't earn that wealth and, therefore, don't deserve to get it ("Tax deal showers billions on heirs to the largest estates," Dec. 17).

Overlook the fact that the persons who DID earn that wealth can choose to bequeath it, or to deny it, to whomever they choose. Instead ask: do the persons who get whatever wealth is collected from the estate tax deserve it?

If the fact that Smith did not personally earn the estate wealth in question is a good reason to keep Smith from inheriting that wealth, what moral justification is there for the likes of Jones and Jackson - who also did not personally earn the wealth in question - to acquire this wealth?

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17 December 2010

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

To the Editor:

Reproaching people who complain about taxes, Liane Norman insists that "taxes are really just prices" (Letters, Dec. 17).

No ma'am. Prices are terms of exchanges voluntarily agreed to by willing buyers and willing sellers. Because prices result from people spending - or not spending! - their own money, they reflect genuine consumer desires and resource scarcities.

In stark contrast, taxes are forced extractions. Even when spent with the intent of benefitting taxpayers, taxes - unlike prices - are never the result of bargains between buyers and sellers. Taxes, instead, are the result of commands issued by rulers to subjects.

Buyers who refuse to pay sellers' asking prices go without the goods. Subjects who refuse to pay the sovereign's demanded tax go to jail.

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16 December 2010

Friends,

Here's my GMU colleague - and Cafe Hayek co-proprietor - Russ Roberts weighing in, at the invitation of the New York Times, on the morality of the estate tax:

http://www.nytimes.com/roomfordebate/2010/12/15/do-estate-taxes-matter/the-moral-problem-with-estate-taxes

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16 December 2010

Editor, The Boston Globe

Dear Editor:

Reporting on a new effort to curb the Senate filibuster, Joshua Green applauds this attempt "to limit the chronic power to obstruct" ("Dismantling the filibuster," Dec. 16). I'm skeptical of reducing obstructions to the operation of an institution - the U.S. Congress - that, more often than not, is itself in the business of obstruction.

Some examples: minimum-wage legislation obstructs low-skill workers' access to jobs; high taxes obstruct the decision-making of consumers, workers, and investors; Obamacare obstructs people's freedom to keep uninvited strangers from meddling in their medical care; tariffs obstruct consumers' freedom to get the most for their money, as well as obstruct American producers' access to foreign markets and to foreign capital; the 'stimulus' and bailouts and government backing of GSEs such as Fannie and Freddie obstruct the market's ability to reallocate resources away from economically inappropriate uses and into economically appropriate uses.

These obstructions are only the tip of a very deep and jagged iceberg.

While not without its costs, the filibuster at least slows the pace at which these obstructions pile up.

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15 December 2010

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

To the Editor:

John Dearie praises the Fed lavishly for its performance during the recent financial crisis (Letters, Dec. 16). Such praise is as deserving as that which would be heaped upon an arsonist who, after igniting a building into flames, does the same to a neighboring warehouse on the theory that the second fire will counteract the first.

The celebrated monetary economist George Selgin persuasively argues that central banks (including the Fed) are economically destabilizing. Moreover, even the role of lender-of-last-resort - explicitly mentioned for praise by Mr. Dearie - hardly deserves such accolades. Consider Selgin's discussion of the 19th century British origins of the lender-of-last-resort doctrine.

Selgin notes that "[lender-of-last-resort champion Walter] Bagehot believed that central banks were financially destabilizing and hence undesirable institutions and that it would have been far better had England never created one. He offered his lender-of- last-resort formula not as an ideal, but as a first aid to what was, in his view, a fundamentally unhealthy arrangement, the healthy alternative to which was free banking, with numerous banks issuing their own notes and maintaining their own reserves, as in the pre-1845 Scottish banking system. England needed a lender of last resort not to rescue it from crises inherent in competitive banking, but to limit the severity of crises that were inevitable consequences of the monopolization of currency." [George Selgin, "Central Banks as Sources of Financial Instability," The Independent Review, Spring 2010, Vol. 14, pp. 485-496. The quotation is on page 492: http://www.independent.org/pdf/tir/tir_14_04_01_selgin.pdf]

Again, an arsonist who tries to mitigate the calamitous effects of the fire he ignited is hardly a praiseworthy figure.

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15 December 2010

Friends,

Here are two short newspaper essays that might be of interest. The first is by my GMU Econ, and Mercatus Center, colleague Tyler Cowen. It's his latest New York Times column; in it, he discusses some (unintended?) consequences of Obamacare: http://www.nytimes.com/2010/12/12/business/12view.html?_r=1&scp=5&sq=cowen&st=cse

The second is my most-recent column in the Pittsburgh Tribune-Review; in it, I take another stab - this one somewhat different than in the past - at explaining the trade deficit and why it is no cause for concern: http://www.pittsburghlive.com/x/pittsburghtrib/opinion/columnists/boudreaux/s_713743.html

Hoping your holidays will be warm, wonderful, and full of family and friends.

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15 December 2010

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

Dear Editor:

Harold Meyerson calls for "a tariff on offshored products, with the proceeds to go to a fund enabling such companies to manufacture their products domestically" ("Save the economy by keeping jobs at home," Dec. 15).

Let's start small by trying this experiment first only on the Meyerson household.

Mr. Meyerson can charge his wife and children a steep fee every time they purchase a good or service from entities outside of their household. He can then use the proceeds from this fee to subsidize his, his wife's, and his kids' household production of all that the Meyersons consume. No more Meyerson household job's destroyed by imported food, clothing, furniture, haircuts, etc. All will be produced in-house, with the expense for generating this happy outcome of high-quality household self-sufficiency paid for by the very tax that dissuades the Meyersons from purchasing non-Meyerson-made goods and services in the first place.

If this strategy works for the Meyersons, we can then consider extending it to the country at large.

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15 December 2010

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

Dear Editor:

Ever hostile to American

consumers who stretch their dollars by buying imports, Harold Meyerson writes that “Defenders of corporate offshoring assert that we can’t compete with low-cost labor in China and other developing countries” (“Save the economy by keeping jobs at home,” Dec. 15).

Untrue. No knowledgeable defender of free trade has ever uttered such nonsense. The case for free trade is that foreigners can produce some products more efficiently than can Americans, but that Americans (despite our high wages) produce other products more efficiently than foreigners.

Low-wage labor is generally not low-COST labor. The reason is that the productivity of low-wage workers in China and other developing countries is much lower than is the productivity of workers in America. While low-wage foreigners outcompete high-wage Americans at many low-skill, routine, and repetitive tasks, high-wage Americans can (and do) outcompete low-wage foreigners in those tasks that can be performed efficiently only in advanced economies that are full of the machinery and intricate infrastructure – physical, legal, and cultural – that raise wages by raising worker productivity.

In short, high American wages aren’t a disadvantage; they are a happy reflection of the fact the typical American worker is a powerhouse of production.

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13 December 2010

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

Dear Editor:

Speaking of a woman with lymphoma, Obama cabinet members Eric Holder and Kathleen Sebelius exclaim proudly that “she knows that in 2014 insurers will be banned from discriminating against her or any American with preexisting conditions” (“Health reform will survive its legal fight,” Dec. 14).

Is there a more Orwellian deployment of the word “discriminate” than to use it, as Holder and Sebelius do here, as a label for business decisions made exclusively for perfectly understandable economic reasons?

To label as “discriminatory” a health-insurer’s refusal to insure a new applicant because that applicant has, say, the pre-existing condition of lung cancer makes no more sense than to label as “discriminatory” the New Orleans Saints’ refusal to hire me as their starting quarterback because of my pre-existing condition as a 52-year-old flat-footed, myopic, athletically untalented geezer. In both cases, nothing more pernicious than sound business judgment is at work.

It's appalling that high government officials imply that such judgment is dastardly and can be legislated away without ill unintended consequences.

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13 December 2010

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

To the Editor:

U.S. Trade Representative Ron Kirk describes the WTO's decision to allow Uncle Sam to impose tariffs on Chinese tires as a "major victory" ("WTO Backs U.S. in Tire Dispute With China," Dec. 13).

A "major victory" for whom? Certainly not for Americans who must now fork out more money to buy Chinese tires; they lose. And because American tire producers now no longer have to compete vigorously against Chinese rivals, even Americans who buy American tires lose by having to pay higher prices for their tires.

A third group of losing Americans are those who now, because of the higher prices caused by this tariff, delay replacing their old tires: their lives are in greater peril whenever they're in their cars. (Indeed, drivers who, because of this tariff, drive on worn tires are a hazard not only to themselves but to ALL drivers.)

Sadly, on matters of international-trade policy, what governments describe as "major victories" are nearly always actions that enable politically potent corporations to pick the pockets of, and to otherwise abuse, ordinary men and women.

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13 December 2010

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

Dear Editor:

Fareed Zakaria writes that "The basic problem in the U.S. economy is that for a generation now, we have been consuming more and saving and investing less" ("Procrastination economics," Dec. 13).

Who's "we"? I haven't consumed more than I've earned. But being an American, I get confusingly lumped in with a a group of people who DO spend wildly: a majority of elected U.S. government officials. They spend wildly because they spend other people's money.

Suppose local mafia goons, confident in their on-going ability to extract wealth from shop owners and residents in their neighborhood, borrow without hesitation to finance their and their pals' lavish lifestyles. Would anyone issue a blanket condemnation of the neighborhood, accusing its denizens of profligacy?

The fact that the mafiosos who "protect" us win their positions through elections - meaning, they buy their offices with other people's money - does not to alter the fact that A is not irresponsible just because B borrows from C in order to give to D, with the bill for repayment handed in the future to A and to A Jr.