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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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20 March 2011

Editor, The Huffington Post

Dear Editor:

Ian Fletcher writes that "What progress against poverty has occurred in the world in recent decades has not been due to free trade, but due to the embrace of mercantilism and industrial policy by some poor nations.... According to the World Bank, the entire net global decline in the number of people living in poverty since 1981 has been in mercantilist China, where free trade is spurned" ("Free Trade Isn't Helping World Poverty," March 19)

Overlook the unbelievable claim, allegedly taken from World Bank data (for which Mr. Fletcher offers neither link nor citation), that China alone is responsible for the past 30 years of the globe's net decline in number of people living in poverty. Focus instead on Mr. Fletcher's assertion that China's recent growth is due to that country's embrace of mercantilism and its "spurning" of free trade. This assertion is simply wrong.

While it's true that China - like nearly every other nation on earth - has in place a plethora of growth-inhibiting mercantilist policies, the overwhelming economic story in China over the past 33 years is the liberalization of its markets - a liberalization that includes dramatic reductions in trade barriers. Here's economist Douglas Irwin: "In December 1978 China began to end its policy of economic isolation. Under the leadership of Deng Xiaopeng, the government decollectivized agriculture, allowed private entities to trade, and permitted foreign investment…. In 1992 the weighted average tariff [in China] on manufactured goods was over 45 percent. Since China joined the WTO in 2001, the country's average tariff will eventually fall to less than 7 percent." [Douglas A.

Irwin, Free Trade Under Fire, 3rd ed. (Princeton University Press, 2009), pp. 181-182.]

Mr. Fletcher's suggestion that China has been moving toward mercantilism and making trade less free is contradicted by the facts.

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20 March 2011

Editor, Los Angeles Times

Dear Editor:

Ariel Dorfman wants President Obama, during his visit to Chile, to visit Salvador Allende's grave as a means of paying respect to the late Marxist leader that nation ("Ghosts of Chile," March 20).

Such a visit would be improper. The fact that Allende was ousted in a coup that resulted in the brutal regime of Augusto Pinochet doesn't justify the Left's deification of Allende; he, too, was a thieving brute. Not only did Allende nationalize (i.e., steal) many of Chile's industries; not only did his irresponsible monetary policy result in annual inflation rates as high as 140 percent (i.e., more theft of assets, this time from ordinary citizens who saw the return to their work effort diminish daily); and not only did he praise and cozy up to Cuba's murderous Fidel Castro - Allende also violated, with reprehensible actions, Chile's constitution.

Harvard-trained economist Jose Pinera, brother of Chile's current president, notes that, while Allende was popularly elected, "his government lost its democratic character by repeatedly violating the Constitution." And just weeks before Allende was deposed, Chile's democratically elected Chamber of Deputies "presented [to the Chilean people] a list of twenty legal and constitutional violations of President Allende's government (including illegal detentions and torture)." [Jose Pinera, "How Chile Was Saved," Navigator, Sept. 2003, The Atlas Society: http://www.ayn-rand.info/cth--721-How_Chile_Was_Saved.aspx]

The fact that Allende justified his thuggish lawlessness with pseudo-intellectual Marxist gibberish hardly makes him or his regime praiseworthy.

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19 March 2011

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

Dear Editor:

Linda Graff writes "As my son prepares for officer training this year, I feel torn: Can I stand in the middle of the street? I want to support the troops. I support my son. I did not support the invasion of Iraq and do not believe we will 'win' in Afghanistan. Is there now a possibility that he could be sent to Libya? What I learned from my father and several presidents was a healthy disbelief in the idea that our government will do what is right. I would like to trust the generals and the president to know what is best for our nation and national security, but I am afraid that too many young people have died in vain. Maybe I am the coward" ("My father the soldier, my son the soldier," March 19).

Ms. Graff is no coward. She's wise. And the wisest part of her understands what was so well explained by H.L. Mencken:

"It seems to be difficult if not impossible for human beings to avoid thinking of government as mystical entity with a nature and a history all its own. It constitutes for them a creature somehow interposed between themselves and the great flow of cosmic events, and they look to it to think for them and to protect them. In democratic countries it is theoretically their agent, but there seems to be a strong tendency to convert the presumably free citizen into its agent, or at all events, its client. This exalted view of its scope, character, powers and autonomy is fundamentally false. A government at bottom is nothing more than a group of men, and as a practical matter most of them are inferior men.... Yet these nonentities, by the intellectual laziness of men in general, have come to a degree of puissance in the world that is unchallenged by that of any other group. Their fiats, however preposterous, are generally obeyed as a matter of duty, they are assumed to have a kind of wisdom that is superior to ordinary wisdom, and the lives of multitudes are willingly sacrificed in their interests." [H.L.Mencken, Minority Report (Baltimore: Johns Hopkins University Press, 1997 [1956]), pp. 56-57.]

Indeed so.

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18 March 2011

Friends,

National Review's John Miller just published this article on my great GMU colleague Walter Williams: http://www.heymiller.com/2011/03/walter-williams/

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18 March 2011

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

To the Editor:

Paul Krugman writes that "In early 2009, John Boehner, now the speaker of the House, was widely and rightly mocked for declaring that since families were suffering, the government should tighten its own belt. That's Herbert Hoover economics, and it's as wrong now as it was in the 1930s" ("The Forgotten Millions," March 2011). Whether this economics is wrong or right, Mr. Krugman is wrong to repeat the myth that Herbert Hoover reduced - or even reined in the growth of - government spending.

From 1924 to 1928 Uncle Sam's real per-capita spending fell by 4.3 percent. But this spending rose significantly during Hoover's term in the White House. From 1928 to 1929 real per-capita spending rose by 4.7 percent; from 1929-30 by 8.0 percent; from 1930-31 by 17.2 percent; and from 1931-32 by 15.8 percent. (This spending rose by another 28.4 percent from 1932-33.) The overall increase in real per-capita spending from 1928 to 1932 was a whopping 53.5 percent. Real per-capita spending excluding outlays for defense and interest on government debt increased during Hoover's years in office even more dramatically, skyrocketing by 130 percent. [Randall G. Holcombe, "The Growth of the Federal Government in the 1920s," Cato Journal, Vol. 16, Fall 1996: http://www.cato.org/pubs/journal/cj16n2-2.html]

Belt-tightening indeed! - of a sort. By bloating Uncle Sam's girth, Herbert Hoover's policies caused Uncle Sam's belly to press more tightly against his belt. Before long, that belt's buckle broke.

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17 March 2011

Editor, Detroit Free Press

Dear Editor:

Unnecessary anxiety is

stirred up by pundits, such as Mike Thompson, who bemoan China surpassing America in total annual value of manufacturing output ("China is now the world's biggest manufacturer," March 17). This fact, according to Mr. Thompson, is ominous for America, not least because more output by China allegedly causes higher unemployment in the U.S.

Forget that China's population is four times larger than America's (meaning that Americans still produce nearly four times more manufacturing output per person than does China). Instead recognize that most manufacturing job losses today come not from expanding trade with China or any other geopolitical region, but from advances in technology - advances in mechanization, computerization, and chemical processes.

The place to which America is losing manufacturing jobs, therefore, has no geography, although it's very real. Call it "Technologia." Technologia has a huge and growing capacity to produce and export valuable goods using ever-more skilled and numerous Technologian workers with names such as "motor," "stamper," "robot," "software-program," "algorithm," and "solvent." These workers toil with superhuman stamina and discipline, they're paid nothing, they receive no worker protections, and they never strike. And Technologia's workforce is forever learning to do, at consistently falling costs, what some American workers do.

Yet few of us worry about trade with Technologia, whose export agents keep cutting the prices they charge for the many imports we receive from that highly productive region. With the exception of some Luddites and technophobes, we rightly celebrate our receipt of Technologia's massive and low-cost outputs and we understand that Technologia's exports make us richer. Why, then, do we have a more hostile toward goods and services imported from geographically identified economies such as China?

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16 March 2011

Friends,

Bloomberg's outstanding Caroline Baum today quotes my GMU colleague Russ Roberts to help make her case against the absurd notion - but a notion as predictable as beer at a frat party - that natural disasters can be good for the economy: http://www.businessweek.com/news/2011-03-15/earthquakes-don-t-add-to-the-wealth-of-nations-caroline-baum.html

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16 March 2011

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

Dear Editor:

Don McDaniel writes about the U.S. Treasury bonds held in the Social Security 'trust fund' that "Far from being 'worthless IOUs' [as claimed by Charles Krauthammer], the investments held by the trust funds are backed by the full faith and credit of the U.S. government. The government has always repaid Social Security, with interest. The special-issue securities are, therefore, just as safe as U.S. savings bonds or other financial instruments of the federal government" (Letters, March 15).

The question is whether or not Uncle Sam will have enough assets in the future to pay all of his obligations under Social Security. When sensible people such as Charles Krauthammer and Robert Samuelson note that these obligations are so massive that honoring them in full will require drastic tax hikes or spending reductions, accounting-challenged defenders of the status quo exclaim "Not to worry! The Social Security trust fund holds lots of U.S. Treasury bonds. Those bonds are assets. So Social Security's obligations are covered!"

But those bonds are held by the same party that issued them, namely, Uncle Sam; the creditor here is one with the debtor. If Uncle Sam's future stream of tax receipts falls short of his future spending obligations, meeting those obligations will require tax hikes or spending cuts. The bonds in the 'trust fund' are no independent source of revenue for Uncle Sam to tap into to meet his Social Security obligations as these bonds would if they were issued instead by, say, Microsoft of by Her Majesty's government in the U.K. Revenues used to redeem the bonds held in the 'trust fund' must be raised through Uncle Sam's power to tax - the very same power that Mr. Krauthammer and others warn will have to be exercised in a much more Draconian manner if Uncle Sam doesn't rein in the growth of entitlements.

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15 March 2011

Mr. Ian Fletcher

Dear Ian:

You trot out in the Huffington Post the tired argument that whenever the WTO rules against the United States, U.S. sovereignty is violated ("WTO Sides With Chinese State Capitalism Against the U.S.," March 14).

Nonsense. Uncle Sam has the Constitutionally granted power to enter into treaties with other governments. The WTO is nothing more than the creation of a treaty - to which Uncle Sam voluntarily agreed - that has among its provisions a mechanism for settling disputes that arise under that treaty. Abiding by the rulings of the WTO's dispute-resolution panel no more reflects (as you darkly describe it) the U.S. government having "signed over the right to rule on the legitimacy of our policies" than does, say, your agreement to abide by the rulings of your homeowners' association reflect your having signed over to a third-party the right to rule on the legitimacy of your actions. In both cases, the anticipated benefits of contracting with others outweigh the anticipated costs, and in neither case is any party obliged to remain a party to the contract.

More to the point, if you're so concerned about sovereignty, why do you champion government using force to strip each American of his individual sovereignty to spend his money as he wishes? Frankly, the sovereignty that matters to me isn't the sovereignty of the state - which so often is used to violate the sovereignty of individuals - but, rather, my personal sovereignty as a free human being. Protectionism is a frontal assault on THAT sovereignty.

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15 March 2011

Editor, USA Today

Dear Editor:

Roland Hwang argues that "America consumes roughly one-quarter of the world's oil, yet we are home to less than 2% of the globe's proven oil reserves. So much for 'drill, baby, drill.' Even if we were to drill a hole everywhere in the country that has oil and drain every drop, we'd have enough to last us just about three years" ("Mideast crisis fuels new debate on oil," March 15).

Whatever good arguments there might be for not easing restrictions on drilling, Mr. Hwang's isn't among them. The reason is that the size of any nation's proved oil reserves is in part an artifact of that nation's policies on drilling. Here's how the Society of Petroleum Engineers defines "proved reserves":

"Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations." [http://www.uh.edu/~dguo/glossary_of_terms_used.htm (BTW, "the correct term is "proved reserves," not "proven reserves.")]

So the very fact that Uncle Sam prohibits drilling on, say, ANWR keeps America's proved reserves lower than they would be without this prohibition. The current small size of proved petroleum reserves, therefore, cannot legitimately be cited as a reason not to ease drilling restrictions.

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14 March 2011

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

To the Editor:

Roger Cohen is impressed with modern-day "happiness" researchers who – basing their judgments upon responses that ordinary people offer to survey questions asked by these researchers – conclude that economic prosperity does little to make people happier ("The Happynomics of Life," March 13).

Mr. Cohen and these researchers should read Bourgeois Dignity (2010) – the latest book by economist/historian/linguist/rhetorician/philosopher Deirdre McCloskey. She writes the following about the methods used by typical 'happiness' researchers who employ "self-reported declarations" about how each surveyed person ranks his or her happiness on a scale of, say, one to three, with "two" being "pretty happy" and "three" being "very happy": "An interviewer surprises you on the street, puts a microphone in your face, and demands to know 'Which is it, 1, 2, or 3?' Even the technical problems with such calculations are formidable. For one thing, a noninterval scale is being treated as an interval scale, as though a unit of 1.0 between 2 and 3 were God's own view of the differences between 'pretty' and 'very.' It would be like measuring temperature by asking people to rate things as 'pretty hot' = 2, 'very hot' = 3, and expecting to build a science of thermodynamics on the 'measurements' thus generated." [Deirdre N. McCloskey, Bourgeois Dignity (Chicago: University of Chicago Press, 2010), p. 63.]

Such a research method is a most unhappy means for achieving deeper understanding.

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14 March 2011

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

Dear Editor:

E.J. Dionne's case for why governments in the U.S. aren't financially strapped is that America has lots of wealthy people who could be more heavily taxed ("What if we're not broke?" March 14). The existence of yet-to-be collectivized wealth prompts Mr. Dionne to conclude that "we're not broke."

While the word "broke" is an overstatement (given governments' abilities to reduce their spending), Mr. Dionne's collectivism shines through in his use of the pronoun "we." If I can't pay my bills, I'm properly described as being "broke." This fact changes not one bit if I discover that my neighbors have more than enough money in their bank accounts to cover my net liabilities. "We" are not broke; I am.

So, too, with government. Just because it's a creature of popular sovereignty and has the muscle to confiscate assets doesn't mean that every cent of every citizen's property belongs to a collective pool of assets owned by "us." THEY - many politicians over the decades - ran up huge debts and unfunded liabilities as THEY overspent and overpromised. Their doing so reflects a politically convenient discounting of the ill long-run consequences of THEIR actions - convenient because those ill consequences were left to be dealt with in the future by OTHERS.

Well, the future is arriving. And the agency that allowed some people to irresponsibly accrue huge liabilities in the name of "us" is urged by Mr. Dionne to confiscate more of the wealth of persons who, by and large, accumulated net wealth by taking longer-run, more responsible views than did those persons who created this fiscal mess by spending and promising to spend OTHER people's money.