2011 ISSUE B>Quest BUSINESS QUEST 1996 - 2011

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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16 October 2011

State Rep. Barbara Lee (D)
Sacramento, CA

Dear Ms. Lee:

Fred Barnes reports in the Weekly Standard that you refuse to use computerized checkout lanes at supermarkets ("Boneheaded Economics," Oct. 24). As you explain, "I refuse to do that. I know that's a job or two or three that's gone."

Overlooking the fact that you overlook the lower prices on groceries made possible by this labor-saving technology, I've some questions for you:

Do you also avoid using computerized ("automatic") elevators, riding only in those few that still use manual elevator operators?

Do you steer clear of newer automobiles equipped with technologies that enable them to go for 100,000 miles before needing a tune-up? I'm sure I can find for you, say, a 1972 Chevy Vega that will oblige you to employ countless mechanics.

Do you shun tubeless steel-belted radial tires on your car - you know, the kind that go flat far less often than do old-fashioned tires? No telling how many tire-repairing jobs have been destroyed by modern technology-infused tires.

Do you and your family refuse flu shots in order to increase your chances of requiring the services of nurses and M.D.s - and, if the economy gets lucky and you and yours get seriously ill, also of hospital orderlies and administrators? Someone as aware as you are of the full ramifications of your consumption choices surely takes account of the ill effects that flu shots have on the jobs of health-care providers.

You must, indeed, be distressed as you observe the appalling amount of labor-saving technologies

in use throughout our economy. It is, alas, a disturbing trend that has been around for quite some time - since, really, the invention of the spear that destroyed the jobs of some hunters.

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15 October 2011

Editor, The Nation

Dear Editor:

Thomas Geoghegan writes that "Of course no country should run a trade deficit. That's common sense" ("What Would Keynes Do?" Sept. 27).

Let's translate the first sentence into terms more revealing: "Of course no country should ever have a net inflow of capital."

Appending "That's common sense" to this translation of Mr. Geoghegan's sentence seems, well, to contradict common sense.

Thundering against trade deficits is a shoddy and easy means of rousing the economically illiterate to support destructive protectionist policies. But such histrionics is very bad economics.

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15 October 2011

Editor, The Nation

Dear Editor:

Thomas Geoghegan writes that "for Keynes, a trade surplus was a 'stimulus,' and a deficit was a disaster" ("What Would Keynes Do?" Sept. 27).

Yep. Keynes did indeed fret over trade deficits. This fact shows, however, not that we Americans today should redouble our anxiety over our trade deficit, but simply that Keynes's understanding of trade flows was poor.

Even on Keynes's own terms his fretting isn't justified. Famously fearful that private investment spending would be chronically inadequate, Keynes should have recognized that "trade deficits" even during his era when some remnants remained of the international gold standard are often balanced by countervailing inflows of capital - that is, by inflows of pro-growth investment expenditures of the very sort that Keynes worried would be lacking.

Keynes's endorsement of Mercantilist nostrums reflects merely the confused intellectual knot that Keynes tied himself into by trying to build a wholly new "general theory" out of the detritus of long-discredited pedestrian notions of how economies work.

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14 October 2011

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

Dear Editor:

Nucor's Ruth Kemmish wants to slap extra taxes on Americans who buy Chinese goods (Letters, Oct. 15). She justifies such taxes by asserting that "tariffs exist today to correct artificial imbalances, and this legislation [the Currency Exchange Rate Oversight Reform Act] would aid that effort."

Never mind that the "imbalance" to which Ms. Kemmish undoubtedly refers - namely, America's current-account deficit with China - is exactly offset by a higher American capital-account surplus. Therefore, examination of both accounts that only together are designed to capture the full range of international transactions reveals that these transactions are perfectly balanced.

Instead, focus on Ms. Kemmish's underlying premise, which is this: if party B pays party C to offer especially attractive deals to party A - and if, in response, party A buys more from party C and less from party N - party N is justified in hiring party U to punitively confiscate extra sums of money from party A until party A significantly reduces his purchases from party C and increases his purchases from party N.

This premise suggests at least two questions. Why is party N entitled to party A's patronage? And why is this entitlement that is claimed by party N superior to party A's entitlement to spend his money as he wishes - including spending it in ways that enable party A to take advantage of the bounty made available to party A by party C?

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12 October 2011

Ms. Lori Wallach, Director
Public Citizen's Global Trade Watch

Dear Ms. Wallach:

Apparently because of some bizarre sense you have that American corporations deserve special government privileges purchased at the expense of American consumers - namely, protection from competition - you are distressed that Pres. Obama pledges to sign pending free(r)-trade pacts. Indeed, you're so angered that your office blasted an e-mail this evening featuring this headline: "Obama Shifts Away From Jobs Message to Promote Bush-Signed Trade Pacts Projected by Official Government Studies to Increase Trade Deficit."

Permit me to re-word your headline in a way that changes its factual meaning not one whit:

"Obama - in a Step that Will have No Long-Run Effect on the Number of Jobs - to Promote Bush-Signed Trade Pacts Projected by Official Government Studies to Increase the Amount of Capital Invested in America."

Can you give me one good reason why we Americans should be distraught over legislation that makes our economy a more attractive place to invest?

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11 October 2011

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

Dear Editor:

Sheri Berman relates that Corey Robin defines conservatism as "an inherently elitist and hierarchical ideology, whose essence is the defense of elite privileges against challenges from below" ("The Conservative as Elitist," Oct. 9). Ms. Berman rightly ridicules this straw-man definition of conservatism, pointing out that it describes the ideology neither of Edmund Burke nor of Sarah Palin.

True. But that Mr. Robin's description is a sham is best revealed by the fact that much of what today is called "conservatism" (and much of what Mr. Robin loathes) was originally in Britain and America, and is still in many non-English-speaking countries, called liberalism. It's a philosophy that champions the right of individuals - regardless of rank or creed or color - to be free of the stupidity of enforced traditionalism, free of the choking grip of superstition (including the hyper-lethal superstition that is nationalism), and, above all, free of the

arbitrary will of their 'betters.'

Classical liberals (and many "conservatives") champion free markets and private property rights, therefore, not to defend "elite privileges against challenges from below" but out of a sincere conviction that markets and property are necessary for maximum possible freedom and for astonishing material abundance - both of which, were Mr. Robin to get his way, would be crushed by the unbearable weight of what he elsewhere Orwellianly describes as the "more robust freedom of choice" served up as diktats, decrees, favors, extractions, and sanctions issued by the ever-oh-so-well-intentioned state.

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11 October 2011

Editor, The Baltimore Sun

Dear Editor:

Where to begin to address the Everest of errors that is Peter Morici's argument that the U.S. trade deficit plays a large role in keeping the U.S. unemployment rate high ("China currency bill: America fights back," Oct. 11)?

One could note that Prof. Morici is inexcusably unaware that, save for the relatively few dollars hoarded by foreigners, every dollar in the U.S. trade deficit in fact DOES return as demand for U.S. output. Dollars that foreigners don't spend buying U.S. exports are dollars that foreigners invest in America. That each of these dollars - returning on the capital-account instead of on the current-account (and, therefore, creating a "trade" deficit) - returns as demand expressed through investments rather than as demand for U.S. exports is irrelevant, as least as far as effects on employment go. Even dollars that foreigners invest in U.S Treasuries are spent by Uncle Sam and, hence, become active demand that Prof. Morici inexplicably insists is destroyed.

Or one could look at relevant data, as economist Dan Griswold does. From a study published earlier this year, Mr. Griswold concludes that "since 1980, the U.S. economy has grown more than three times faster during periods when the trade deficit was expanding as a share of GDP compared to periods when it was contracting. Stock market appreciation, manufacturing output, and job growth were all significantly more robust during periods of expanding imports and trade deficits." [Daniel Griswold, "The Trade-Balance Creed: Debunking the Belief that Imports and Trade Deficits Are a "Drag on Growth." Cato Institute, Washington, DC. Trade Policy Analysis No. 45, April 11, 2011: http://www.cato.org/pub_display.php?pub_id=12976]

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10 October 2011

Editor, The Baltimore Sun

Dear Editor:

Jim Case argues that NAFTA has been "bad" for the U.S. economy because, since that free(r)-trade pact first took effect in 1994, America's trade deficits with both Canada and Mexico have increased (Letters, Oct. 10).

Is Mr. Case aware that his evidence for the alleged failure of NAFTA is that Canadians and Mexicans are now investing more in the United States? (Such increased investment is exactly what a rising U.S. trade deficit means: foreigners invest more of their dollars here rather

than cash these dollars out immediately on purchases of U.S. exports.) Does Mr. Case realize that the rise in the U.S. trade deficit under NAFTA is exactly the opposite of what protectionists, such as Ross Perot, warned would happen if NAFTA passed, namely, that NAFTA would shift so much investment from high-wage America to, especially, low-wage Mexico that we'd be deafened by a "giant sucking sound" of investment dollars being inhaled by factories and plants across the border?

Protectionists simply cannot be taken seriously as long as they stubbornly cling to the inexcusably backwards myth that a rising U.S. trade deficit is a symptom of the failure of freer trade.