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Comment on the Commentary of the Day

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28 October 2011

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

Dear Editor:

Eugene Robinson is made apoplectic by the CBO's report that, between 1979 and 2007, the growth in incomes for households in the top income-earning groupings (such as the top quintile, or even the top one percent, of income-earning households) was much larger than it was for households in middle- and lower-income groupings ("The study that shows why Occupy Wall Street struck a nerve," Oct. 28).

For too many reasons to list here, Mr. Robinson is completely out of line to suggest that this study shows that most Americans are victims of "theft" by upper-income Americans. But consider just two such reasons.

First and most obviously, the vast majority of rich Americans - people such as Kobe Bryant, Jeff Bezos, Sergey Brin, and Ralph Lauren - steal from no one. They create valuable goods and services that millions of people voluntarily pay for.

Second, Mr. Robinson mistakes statistical categories for being flesh-and-blood people. As University of Michigan (Flint) economist Mark Perry reports about a study that tracks the fate of actual individual households over time, in even as brief a period as 2001-2007 50 percent of households moved from one quintile to another. Most relevantly, 44 percent of households in the lowest quintile in 2001 had moved into a higher quintile six years later, while during this same time 34 percent of households that were in the top quintile had fallen into lower quintiles. [http://blog.american.com/2011/10/tracking-the-same-households-over-time-shows-significant-income-mobility/]

Of course, the data reported in the previous paragraph aren't the end of the story. They can (and should) be questioned, parsed, examined in detail, and put into context. But the same can (and should) be said about the CBO data that Mr. Robinson latches onto, so utterly uncritically, as confirming his bias that the marginal-tax-rate reductions and (rather modest) deregulation that we've had in the U.S. over the past three decades cannot possibly have helped any but the richest Americans.

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26 October 2011

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

Dear Editor:

James Livingston rightly proclaims "the moral worth of consumer culture" and correctly notes the trivial fact that increased savings do not automatically result in increased and widespread prosperity ("It's Consumer Spending, Stupid," Oct. 26). These points, however, are inadequate to support his astounding conclusion that economic growth is driven exclusively by consumer and government spending and that "[p]rivate investment isn't even necessary to promote growth."

Such a conclusion requires a potent argument. But Prof. Livingston delivers only a storm of feeble anecdotes, post-hoc fallacies, and non sequiturs.

An example of the latter is his observation that "Between 1900 and 2000, real gross domestic product per capita (the output of goods and services per person) grew more than 600 percent. Meanwhile, net business investment declined 70 percent as a share of G.D.P." Yep. But this fact does not remotely mean that "net business investment atrophied" or that it plays no crucial role in economic growth.

Because each dollar successfully invested raises G.D.P. by multiple dollars, net-investment's decline AS A SHARE of G.D.P. (and not, please note, absolutely) is evidence of the impressive SUCCESS of private investment rather than of the proposition that economic growth requires only "[c]onsumer debt and government spending."