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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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24 May 2012

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

Dear Editor:

Few diagnoses of the eurozone's woes are as compelling as that offered today by David Malpass ("Greece's False Austerity"). Key is this line: "Europe's battle comes down to government-guaranteed wages and benefits versus labor flexibility. Europe's failing governments simply won't allow competition." Mr. Malpass here echoes the concern that prompted F.A. Hayek to write The Road to Serfdom.

Contrary to much misunderstanding, Hayek never argued that the slightest deviation from laissez-faire capitalism launches a society on an unstoppable march toward tyranny. Instead, he reasoned that tyranny is the inevitable result of government policies aimed at preventing market competition from ever threatening anyone's economic prospects. As long as voters demand that government protect them from all downsides of economic change, governments can oblige them only by shutting down, one after another, all avenues for economic change. Competition. Entrepreneurship. Innovation. Consumer sovereignty. Workers' freedom to change or to quit their jobs. Even changes in demographics. Government must obliterate these and all other sources of change if no one is to be exposed to the risk of losing a job or of having her wages or benefits cut.

Obviously, in reality governments cannot guarantee such a petrified paradise. But in the course of trying they will create hell on earth unless people come to accept the fact that widespread material prosperity is impossible without genuine change - and that change is impossible without some people suffering economic disappointment.

The Greeks would be wise to learn this lesson ASAP.

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23 May 2012

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

Dear Editor:

Matt Miller asserts that "Obama's restructuring of the auto industry displayed, on a much grander scale, precisely the kind of tough-minded business calls Romney says are private equity's specialty.... Obama fired management, shed workers, slashed costs, revamped operations, restructured the balance sheet and fashioned new strategies. When the dust cleared, Obama had positioned General Motors and Chrysler to move forward as viable firms" ("Barack Obama, private equity king," May 23).

Ludicrous. Unlike any actions that could be taken by Bain Capital and other private-sector investors, Pres. Obama:

- arbitrarily suspended established bankruptcy procedures;
- flipped the priority of creditors so that secured creditors were forced to accept fewer cents on the dollar than were received by lower-priority (but politically more useful) creditors;
- staked none of his own wealth on this restructuring;
- strengthened the morally hazardous precedent of "too big to fail."

Uncle Sam's auto bailout is to privately financed restructurings as, say, Debbie Does Dallas is to Citizen Kane: in both cases, only the most facile observers focus on the superficial similarities while missing the many, hulking, and fundamental differences.

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22 May 2012

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

Dear Editor:

Explaining how (non-cronyfied) financial institutions raise living standards by promoting economic efficiency, David Brooks writes "Private equity firms are not lovable, but they forced a renaissance that revived American capitalism" ("How Change Happens," May 22).

A better description is that Bain Capital and other private equity firms facilitated and expedited (rather than "forced") a revival of American capitalism. What ultimately forces the growth-promoting efficiencies that private equity firms facilitate and expedite are consumers. They do so by refusing to purchase goods and services from inefficient suppliers. Were consumers indifferent to the prices they pay and the product quality they receive, inefficient producers would be just as profitable as efficient ones. Private-equity investors could not then profit by buying and revitalizing inefficient firms.

So if politicians and pundits really wish to excoriate those responsible for forcing producers to operate more efficiently, they should blame consumers. These pols and pundits should demonize the likes of families and small businesses that greedily seek to get as much as possible in return for each dollar they spend.

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21 May 2012

Editor, Washington Post
1150 15th St., NW

Washington, DC 20071

Dear Editor:

Your top headline report today on the continuing flow of lobbyists into the White House is emphatically not headline news ("White House visitor logs provide window into lobbying industry," May 21). Yet you seem surprised that "The visitor logs for Jan. 17 - one of the most recent days available - show that the lobbying industry Obama has vowed to constrain is a regular presence at 1600 Pennsylvania Ave."

Mr. Obama's pledge to keep lobbyists out of the White House was, from the start, about as believable as a madam's pledge to keep men willing to pay for sex out of the whore house.