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Comment on the Commentary of the Day

by

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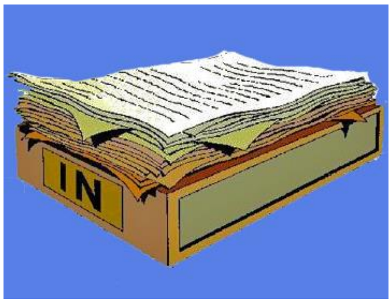

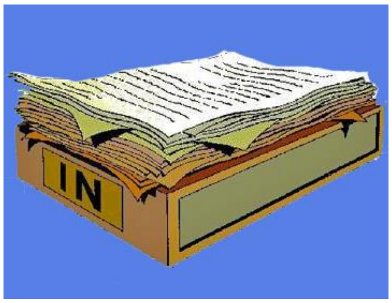

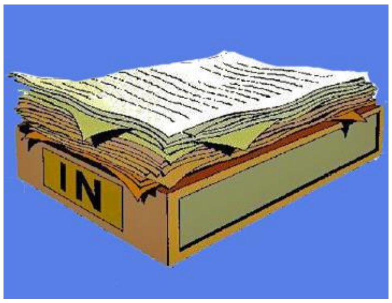

Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet, and if they are, they may require registration or subscription to access. Some of the articles being commented on are syndicated, therefore, they may also have appeared in other publications.

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9 June 2014

Prof. Paul Krugman

Dear Prof. Krugman:

On your blog today you document that the percentage of Americans without health insurance has fallen since Obamacare kicked in. You conclude that "This is what success looks like."

You miss the point of Obamacare's most careful critics.

None of these critics denies that government can successfully use a mix of regulations, taxes, and subsidies to effectively mandate an increase in the number of Americans who have health-insurance policies. Instead, the real concern is that Obamacare will either diminish the quality or the accessibility of actual health-care *provision* (rather than of health*insurance*) or that the costs of the extra health-care provision made possible by Obamacare - costs reckoned as the value of other goods and services sacrificed as a consequence - will be excessive.

Government's success at mandating that more people have health insurance (or 'better' health insurance) no more implies that people thereby have better health *care* than would, say, government's success at mandating that more people have jobs imply that people thereby have a higher standard of living.

Sincerely,
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and
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10 June 2014

Editor, *Roll Call*

Dear Editor:

Tom Udall (D-NM) and 42 other incumbent U.S. senators propose a Constitutional amendment with the following key provision: "To advance the fundamental principle of political equality for all, and to protect the integrity of the legislative and electoral processes, Congress shall have power to regulate the raising and spending of money and in-kind equivalents with respect to Federal elections, including through setting limits on - (1) the amount of contributions to candidates for nomination for election to, or for election to, Federal office; (2) the amount of funds that may be spent by, in support of, or in opposition to such candidates" ("Senate Democrats Begin Efforts to Amend Constitution," June 6).

Never mind that this amendment strikes at the heart of the First amendment values of freedom of speech and freedom of petition. Focus instead on the fact that, if ratified, this amendment would create far greater political *in*equality and eat like a cancer at electoral processes. It would do so by shielding incumbent politicians from competition.

Suppose that Ford, Toyota, Volkswagen, and other of today's successful automakers seek, and get, the power to regulate the raising and spending of money and in-kind equivalents with respect to auto advertising. Do you think that these incumbent automakers - whose brands are currently established and well-known - would never be tempted to use this power to protect themselves from the competition of upstart automakers? Would you take at face value all the fine rhetoric from these incumbent automakers about the need to protect members of the car-buying public from being overwhelmed and misled by expensive and glitzy ads? And would you be confident that allowing incumbent automakers to regulate spending on auto ads and on sales campaigns would improve the quality of competition among automakers and heighten these firms' responsiveness to the 'true' demands of the car-buying public?

I suspect that most people would correctly see such an effort by incumbent automakers as being a scheme to restrict competition - a scheme that would benefit incumbent automakers and make them less responsive to the general public. It's astonishing, therefore, that so many people continue to believe that the very same such scheme by incumbent politicians is a noble endeavor to improve political competition - an endeavor that, we are assured, will make politicians more responsive to the general public.

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13 June 2014

Ms. Aubrey Goens

Dear Ms. Goens:

Thanks for your note.

You describe yourself as a "realistic free enterprise conservative" who understands that "the economics of externalities" warns against more open immigration into the U.S. "if we have a welfare state."

You're correct that the welfare state unjustly allows some people to live at the expense of other people. However, even this narrow economic case against immigration into a welfare-state society isn't as clear-cut as you suppose it to be. See this short essay.*

More fundamentally, I'll bet that the economic reasoning that you accept as "clearly" supplying a sound basis for restricting immigration is reasoning that you reject in other contexts.

If you're like most free-market conservatives (and libertarians), you believe that government has no business dictating people's diets and engaging in other nanny-state intrusions such as mandating the use of seat belts and motorcycle helmets. And you likely do not become a supporter of such nanny-state intrusions when someone argues (as someone always does) that government "must" govern such personal behaviors because government has socialized so many health-care costs - costs that will become excessively burdensome to taxpayers if government does not regulate and punitively tax the likes of smoking, drinking Big Gulp sodas, and driving without being buckled in.

If I'm correct in guessing that you reject the argument that government socialization of health-care provision justifies government's restrictions on people's diets and driving habits, why do you not also reject what is logically the identical argument used to justify restrictions on immigration?

Sincerely,
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* http://triblive.com//x/pittsburghtrib/opinion/columnists/boudreaux/s_680588.html#axzz34U2C11GF

17 June 2014

Mr. C. M________________

Dear C. M________________:

Were it not for the rudeness and shrillness of your note I would thank you for it. As it is, I merely acknowledge it.

You say, referencing the interview that I gave to your excellent student, that you're "appalled to find out that a so-called economics professor opposes the U.S. taking the lead in green technology industries." You misunderstand my position. I'm not at all opposed to U.S.-based companies "taking the lead" in those (or in any other) industries. I am, however, opposed to what you favor - namely, the government subsidizing or dispensing other favors to firms in such industries even if the end result would be that these companies become industry leaders.

The arguments against government picking industrial winners and losers are many, and I'm in no mood to rehearse them here. I'll simply quote the 19th-century Swiss economist Charles-Leonard Simonde de Sismondi, who wrote in 1815 that "It ought to be recollected that each merchant knows his own business better than the government can do; that the whole nation's productive power is limited; that in a given time, it has but a given number of hands, and a given quantity of capital; that by forcing it to enter upon a kind of work which it did not previously execute, we almost always at the same time force it to abandon a kind of work which it did execute; whilst the most probable result of such a change is the abandonment of a more lucrative manufacture for another which is less so, and which personal interest had designedly overlooked."*

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* Charles-Leonard Simonde de Sismondi, *Political Economy* (1815), as quoted in translation in Douglas A. Irwin's *Against the Tide* (Princeton: Princeton University Press, 1996), p. 119.

23 June 2014

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

Dear Editor:

Let's say that Robert Samuelson is correct that today's CEOs are overpaid ("The CEO aristocracy: Big bucks for the big boss," June 23). So what? These overpayments are made voluntarily by corporate shareholders, each one of whom is free to easily sell all of his or her shares in any corporation that that shareholder believes is overpaying its CEO. Politicians, newspaper columnists, best-selling French economists, and the general public have no more business fretting about whether or not private corporations overpay their CEOs than they have fretting about whether or not the families down the street overpay their babysitters.

But if we must wallow in such busybody-ness, it becomes important to recognize that the evidence of CEO overpayment isn't as clear as Mr. Samuelson suggests. Writing last year in *Foreign Affairs*, University of Chicago finance professor Steven Kaplan reported that when he and co-author Joshua Rauh analyzed 1,700 firms they "found that compensation was highly related to performance: the companies that paid their CEOs the most saw their stocks do the best, and those that paid the least saw their stocks do the worst."* This fact - combined with the typically overlooked reality that no one is forced to buy or to hold corporate stocks - is strong evidence that patterns of CEO compensation are the results of legitimate and productive market forces.

Sincerely,
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* Steven N. Kaplan, "The Real Story Behind Executive Pay," *Foreign Affairs*, May/June 2013:
http://www.foreignaffairs.com/articles/139101/steven-n-kaplan/the-real-story-behind-executive-pay

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