2014 B>Quest BUSINESS QUEST 1996 - 2014

Comment on the Commentary of the Day

by

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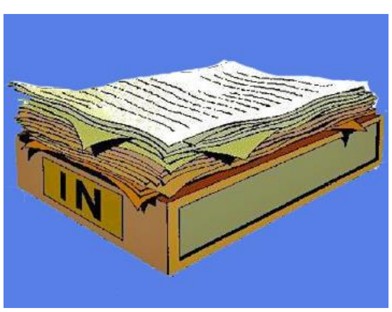

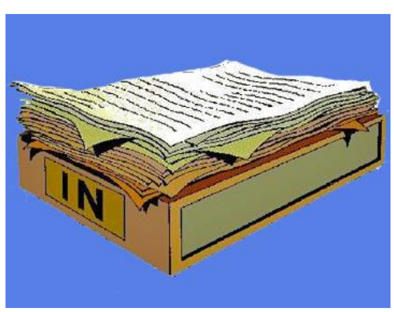

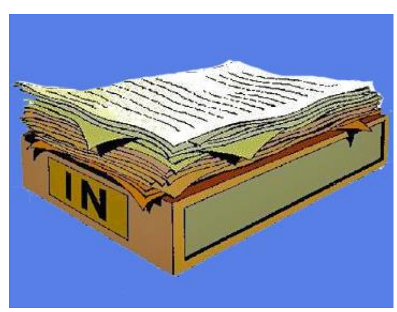

Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet, and if they are, they may require registration or subscription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

16 August 2014

Mr. Joshua Holman

Mr. Holman:

Upset by my "Notable & Quotable" in today's Wall Street Journal, you ask if I can "really be so clueless to not know the commonsense meaning of sustainability." You then baselessly accuse me of being "paid by the Kochs to emit word pollution" to "block the work of the many activists struggling to save our planet from over use, exploitation and destruction."

Here's a quiz: Who wrote the following? "It is very hard to be against sustainability. In fact, the less you know about it, the better it sounds. That is true of lots of ideas. The questions that come to be connected with sustainable development or sustainable growth or just sustainability are genuine and deeply felt and very complex. The combination of deep feeling and complexity breeds buzzwords, and sustainability has certainly become a buzzword."

a) me
b) Ronald Reagan
c) George Will
d) John Stossel
e) Milton Friedman
f) Robert Solow

The correct answer is "f," Robert Solow* - a distinctly Progressive Nobel laureate economist at M.I.T. who nevertheless, by your logic, must have been paid by "corporate polluters" to "discredit the sustainability movement."

You describe yourself as an "informed and involved college junior." I don't doubt that you're involved. But I beg you - sincerely - to consider the possibility that your information is not as full and free of error as you now suppose it to be. Reality cannot be grasped, and it certainly cannot be improved, with slogans.

Sincerely,
Donald J. Boudreaux

Professor of Economics
  and
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George Mason University
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19 August 2014

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

Dear Editor:

Michael Gerson mocks Sen. Rand Paul's "belief in a minimal state" in part because, in Mr. Gerson's estimation, such a state would be "incapable of addressing poverty and stalled mobility." ("Rand Paul is No Jack Kemp," Aug. 19). What a curious argument given that the very poverty and stalled mobility that Mr. Gerson laments and claims to be incurable in a society with a minimal state *actually exist* with our current engorged state - a state that for 80 years now has operated New Deal programs, and for 50 years now has practiced Great Society social engineering.

Whatever its merits or demerits, a minimal state is unlikely to have less success at reducing poverty and increasing mobility than is displayed by the intrusive and gargantuan state that Mr. Gerson seems keen to protect.

Sincerely,
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21 August 2014

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

Dear Editor:

Kudos to George Mason University economics PhD student Liya Palagashvili and to her GMU econ undergraduate student Rachel Mace for exposing the flawed analyses of those who contend that recent hikes in some states' minimum wages resulted in especially strong job growth in those states ("Do Higher Minimum Wages Create More Jobs?" August 21).

Yet another point deserves mention, one that I'm sure Liya and Rachel would have addressed had space allowed. Even if (contrary to Liya's and Rachel's finding) states that raised their minimum wages did indeed enjoy higher employment growth than did states that did not raise theirs, the foundational economic argument against the minimum still stands. That argument is that the minimum wage reduces the employment prospects of the lowest-skilled of low-skilled workers. It's possible that raising the minimum wage attracts into the labor market so many employable higher-skilled workers, such as recent retirees, that the effect on overall employment is positive (or not negative) even though - as economics warns - many low-skilled workers are nevertheless pushed into the ranks of the long-term unemployed.

In short, the central economic argument against the minimum wage is not that it reduces overall employment (even though it likely does); rather, it's that the minimum wage reduces the employment prospects of the people most desperately in need of jobs: workers with the fewest job skills.

Sincerely,
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22 August 2014

Mr. Keith Olbermann

Mr. Olbermann:

In high moral dudgeon, you complained about the timing and scheduling of Major League Baseball games. And when you revealed your theory for why this timing and scheduling isn't to your liking, you did so as if you were courageously exposing forces as sinister as they are harmful. Quoting you: "Do you know *why* the post-season games start so late?8:37 instead of 8:07? 8:07 instead of 7:37? Because on weeknights, the closer the game gets towards midnight eastern, *the more people watch it*."*

Gasp! Is Major League Baseball really so foul as to offer its product at times when the masses most prefer to watch it rather than at times that are less convenient for the masses? Is MLB truly so greedy and cold-hearted that it carefully pays attention to its customers' preferences and works successfully to satisfy those preferences? Say it ain't so!!

Sincerely,
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* The referenced lines start at around the 4:40 mark:
http://www.waitingfornextyear.com/2014/08/does-mlb-even-want-to-speed-up-the-game/

22 August 2014

Mr. Peter Willis

Mr. Willis:

Thanks for your series of e-mails. In the last one you write that you "can't conceive it possible [that] businesses can't spare some amount of their profit to pay underpaid workers living wages."

I disagree. Firms that employ large numbers of low-skilled workers generally operate in highly competitive industries. This competition ensures that there are no pools of excess profits lying about to be given gratis to workers. If you dispute my empirical claim, you should stop reading this letter now and rush out to start your own firm in an industry that you believe enjoys a consistent stream of excess profits. If you're correct, you'll profit handsomely even as you pay your low-skilled workers above-market wages. (That you'll not in fact put your money where your mouth is tells me that you can indeed conceive it possible that businesses have no such excess profits.)

Of course, you might mean instead that firm owners and investors should settle for below-market profit rates in order to pay their workers higher wages. Perhaps. Economics says nothing about how people should spend their money. But before you criticize owners of businesses and other investors for what effectively amounts to their not giving some of their earnings as charity to low-skilled workers in their firms, you should start to give some of your earnings as charity to low-skilled workers in your community. Nothing will stop you from doing so. Nothing prevents you from practicing what you preach so passionately to business owners and investors.

Sincerely,
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UNIVERSITY of West Georgia