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Comment on the Commentary of the Day

by

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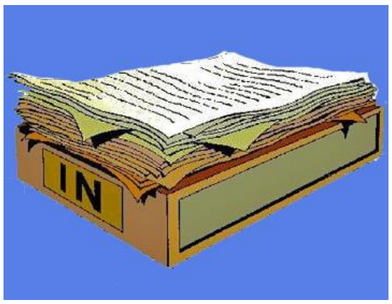

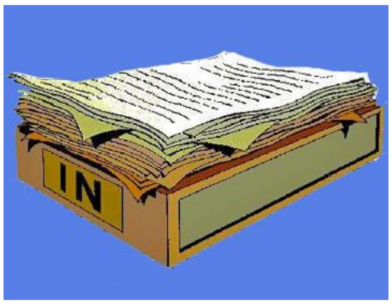

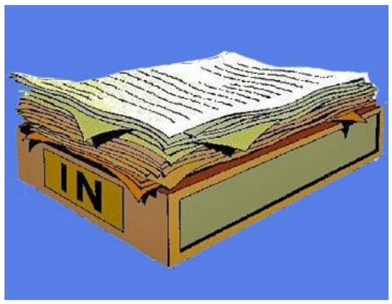

Disclaimer: The following "Letters to the Editor" were sent to the respective publications on the dates indicated. Some were printed, but many were not. The original articles that are being commented on may or may not be available on the internet, and if they are, they may require registration or subscription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

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21 November 2014

Editor, *Baltimore Sun*

Dear Editor:

Misleading language, faulty economics, and failures to connect the dots saturate Robert Reich's essay "The growing wealth and clout of the richest .01 percent" (Nov. 21).

He misleads by writing that "the richest one-hundredth of one percent of Americans now hold more than 11 percent of the nation's total wealth." In reality, though, there's no such thing as the *nation's* wealth. Wealth is created by, and belongs to, individuals. And overwhelmingly, the more wealth an individual creates - by producing, in cooperation with others, goods and services valued by consumers - the wealthier that individual becomes. Yet Mr. Reich's wording suggests that wealth exists independently of individual creativity and initiative, and that it rightly and originally belongs to "the nation" rather than to each of the individual men and women who create it.

His economics is faulty when he describes this wealth as being 'held,' as if it sits idly. Yet the great bulk of this wealth is invested in productive enterprises that make consumers and workers better off even as it makes its risk-taking owners better off. This wealth is not in safes or mattresses.

And Mr. Reich fails to connect the dots by complaining that the rich spend more and more of their wealth in the political arena. What else to expect when that arena becomes ever more central to Americans' daily lives and, simultaneously, becomes ever more crowded with redistribution-mongers (such as Mr. Reich) whose squeals to soak the rich grow louder and harsher?

Sincerely,
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and
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25 November 2014

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

Dear Editor:

The subheading describing Alan Blinder's essay "The Unsettling Mystery of Productivity" (Nov. 25) reads "Since 2010 U.S. productivity has grown at a miserable rate. And no one, not even the Fed, seems to understand why."

Here's a potential explanation: regime uncertainty. Pioneered by economist Robert Higgs to explain the length and depth of the Great Depression,* the concept of "regime uncertainty" captures the difficulty of investors to foresee how their rights to their property (including to their profits) will be affected by government policies. A rise in regime uncertainty reduces productive, private-sector investments - and a consequence of reduced investment is slower productivity growth.

Economists at Stanford and the University of Chicago measure "economic policy uncertainty" - a concept quite close to regime uncertainty.** Data on their website go back to 1985. The average level of U.S. economic-policy uncertainty from 1985 through 2009 is 101.1, while the average level of such uncertainty from January 2010 through October 2014 is 140.7. That is, the average amount of uncertainty (as measured using data found on the website Economic Policy Uncertainty) since the start of 2010 is nearly 40 percent higher than during the preceding 25 years.

Whether or not this heightened uncertainty explains the slowdown in productivity growth, such intense uncertainty cannot possibly be good for the economy.

Sincerely,
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* Robert Higgs, "Regime Uncertainty: Why the Great Depression Lasted So Long and Why Prosperity Resumed After the War," *The Independent Review*, Spring 1997, Vol. 1: 561-590:
http://www.independent.org/pdf/tir/tir_01_4_higgs.pdf

** http://www.policyuncertainty.com/us_monthly.html

28 November 2014

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

Dear Editor:

The substance of former GOP Congressman George Nethercutt's defense of Congressional earmarks is as contorted as is the language he uses for this defense - for example: "Allowing earmarks provides an opportunity for constituents to advocate to their members for accountable federal spending in their districts or state" (Letters, Nov. 28).

In light of the difficulty of making sense of this indigestible word salad, one can only guess at Mr. Nethercutt's meaning. My guess is that he's asserting that - compared to Congress as a whole and to the executive branch - individual members of Congress, using earmarks, spend money more wisely in their districts or states because these members have more intimate, local knowledge of the needs and opportunities of the people there.

This claim about local knowledge is likely true, but it doesn't support the case for earmarks. Instead, it supports the case for lower taxes, less spending, and smaller government. If money is spent most wisely by people with the most precise and reliable knowledge of the diverse needs and opportunities in each of this country's many different locales, then each private citizen, in his or her own individual household or firm, is far better able to spend money 'accountably' than is any politician working in Washington. As my friend Frayda Levin said years ago in response to her senator's similar defense of earmarks, it's absurd for taxpayers to "send money to D.C." and "then have to spend resources finding a sympathetic ear who can … understand local needs."*

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* http://thisiscommonsense.com/2008/07/21/trichotillomania/

29 November 2014

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

Dear Editor:

2014 is the Year of Income Inequality Obsession - an obsession stretched to preposterous extremes by Kurt Campbell's claim that income inequality in America weakens U.S. "power" and, thereby, threatens world order ("How income inequality undermines U.S. power," Nov. 29).

Overlook Mr. Campbell's dubious neocon-fashion faith that Uncle Sam's foreign interventions over the years have been selfless, noble, and necessary both to create and to maintain world order. Ignore his mistaken assumption that America's growing inequality of monetary incomes means that non-rich Americans are becoming absolutely poorer. And disregard Mr. Campbell's failure to offer any evidence, or even argument, for his assertion that income inequality is making America "an unstable society." Instead, note that his central claim - namely, that growing income inequality in the U.S. has reduced "support for … building blocks for comprehensive and sustained international engagement" - is at odds with relevant facts.

If greater income inequality makes ordinary Americans less willing to support Uncle Sam's "international engagement," then inflation-adjusted per-capita defense spending (arguably the single best measure of such "engagement") should have fallen since 1979, the year that Thomas Piketty identifies as the start of the recent steady rise in America of income inequality.* Yet as data from your own pages reveal,** real per-capita U.S. defense spending rose dramatically starting in 1980. By 1987 such spending was higher than at anytime in the 1950s, a decade during which income inequality in the U.S. was near an alltime low. (Indeed, despite the Cold War, the 1950s saw a general *decline* in real per-capita defense spending - yet another fact decidedly at odds with Mr. Campbell's thesis.) And although real per-capita defense spending fell during the 1990s, since 2000 it has risen steadily, along with income inequality, so that by 2010 such spending reached a post-WWII high.

Income inequality might or might not be something to worry about, but it does not appear to diminish Uncle Sam's ability to project power around the globe.

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* Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge, MA: Harvard University Press, 2014), p. 24.

** http://www.washingtonpost.com/blogs/wonkblog/wp/2012/08/28/defense-spending-in-the-u-s-in-four-charts/

UNIVERSITY of West Georgia