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Comment on the Commentary of the Day

by

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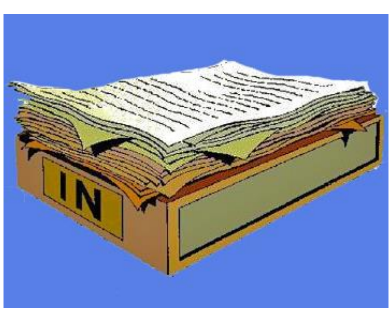

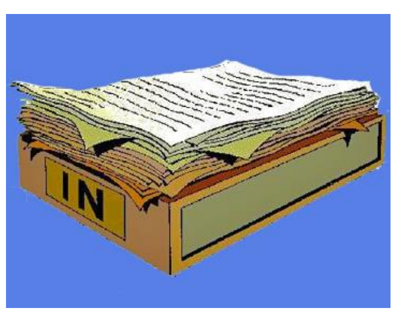

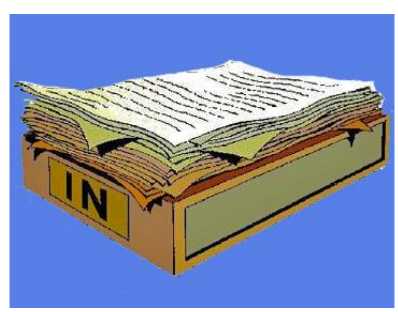

2 January 2016

Editor, *The Washington Post*

Dear Editor:

National Community Reinvestment Coalition president John Taylor points to “racial disparities in mortgage lending” in Baltimore as reason enough for government to force banks to make more loans to blacks (“In Baltimore, few home loans for African Americans,” Jan. 2). Although nowhere does Mr. Taylor ask why such disparities exist, it’s safe to assume that he blames racial bigotry - which likely explains his lack of qualms about forcing banks to make more loans to blacks.

Yet disparities in mortgage lending are almost certainly not the result of bigotry. Here’s why: whenever mortgage applications are denied because of bigotry against prospective borrowers, opportunities arise for other mortgage lenders to profitably serve those borrowers. So for such borrowers to remain unserved requires not only that *all* banks (including all banks owned by blacks!) are run by people so bigoted against blacks that they willingly forego profits in order to indulge their bigotry, but also that every entrepreneur in the world with the financial means and connections to create new banks either remains ignorant of the discrimination practiced by existing banks or are themselves so bigoted against blacks they, too, stubbornly refuse to increase their wealth by seizing the profits that are available by extending mortgage loans to blacks.

None of these conditions is plausible - which means that disparities in mortgage lending will never be eliminated by government diktats fashioned on the naïve assumption that these disparities are caused by bigotry.

Sincerely,
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and
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4 January 2016

Mr. Seth Hettena

Dear Mr. Hettena:

Commenting on my blog* you ask how to “protect” American workers from having their wages bid down by non-American workers. I reject your question’s premise.

Your faulty premise is that workers have a property right in continuing to be paid their current incomes. But because human labor is just one of countless goods and services that people in search of economic gain routinely sell to, and buy from, each other, your premise implies that *any* seller of *any* good or service has a property right in whatever income he or she currently earns. It follows from your premise, therefore, that *no* buyer has a right to unilaterally reduce the amounts that she spends on any of the goods and services that she currently buys. The reason is that if she reduces her expenditures on, say, beef in order to spend more on fish or on fowl, the incomes earned by ranchers - and by ranchers’ employees - necessarily fall.

So unless you believe that all buyers are morally and legally obliged never to reduce the amounts they spend on any good or service - unless you believe that consumers who are offered a better mousetrap by firm A must reject that offer if it means buying fewer inferior mousetraps from firm B - unless you believe that firm X violates the rights of rival firm Y (and of Y’s workers) if X improves its efficiency and passes on to consumers the benefits of this improved efficiency in the form of lower prices that cause consumers to buy fewer outputs from Y - you should not suppose that any worker has in his or her current wages a ‘right’ that is violated whenever those buyers who have chosen in the past to pay those wages change their minds, for whatever reasons, and choose now to offer that worker lower, or even no, wages.

Sincerely,
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* http://cafehayek.com/2016/01/making-the-economy-safe-for-bigots.html

6 January 2016

Mr. Louis D. Dufrene

Dear Mr. Dufrene:

Thanks for your letter of January 2nd.
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You make two claims that are in tension with each other. First, you “long for a return of the bold anti-trust actions of the 1950’s and 1960s” because, according to you, this active antitrust policy “protected us from monopolists that sought ownership of as many facets of production and distribution that they could get." Second, in the same paragraph you accuse me of “fool-hardily ignoring … corporate raiders and short-run CEO’s that sell off their companies in pieces just to inflate quarterly earnings.”

I mention in passing that I neither share your happy assessment of Uncle Sam’s mid-20th-century active antitrust policies nor join in your opposition to corporate takeovers. Instead, I point out that it’s odd that you praise bureaucrats who, using antitrust, dismantled some firms back in the ‘50s and ‘60s, while you also denounce business people who, using the market for corporate control, dismantled some firms in later decades.

If (according to your first claim) owning “as many facets of production and distribution that they could get” really is a sure source of monopoly profits for corporate owners, why did corporate raiders often disgorge the firms they bought of many of these firms’ “facets of production and distribution”? Yet if (according to your second claim) selling off “companies in pieces” is the most profitable strategy for corporate owners, why in middle of the 20th century were firms so reluctant to so dismantle themselves that antitrust bureaucrats had to force them to do so?

Sincerely,
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8 January 2016

Mr. Gene Randazzo

Dear Mr. Randazzo:

I'm sorry that you're upset by my letter, in yesterday's *Wall Street Journal*, opposing minimum wages. But you miss the point when you ask me rhetorically how I "would like to live on just $7.25 an hour."

Of course I wouldn't like to live on just $7.25 per hour. Yet I'd much prefer that amount to $0.00 per hour, which is the hourly income of people rendered unemployable by the minimum wage.

To test the logic of your premise that a government dictation of a higher minimum wage causes all workers to be paid at least that wage, with none of them losing jobs, let me ask you if you'd like to live on the hourly pay of a street beggar who currently earns from his panhandling about $3 per hour. Assuming that you'd not like to live on such paltry pay, would you support*minimum-handout legislation* - legislation that prohibits people who give to beggars from giving to any beggar any amount less than, say, $10.10 each hour? Under such legislation, a person can give a beggar nothing, but everyone who chooses to give more than $0 to a beggar must give a minimum of $10.10 or risk being fined or caged by government.

If you were a beggar, would you support such legislation? Were such legislation to be enacted, do you think that everyone who currently gives to beggars would increase their giving to $10.10 per hour with none of them simply ceasing to give altogether? Do you believe that such legislation would enrich beggars?

Do not mistake me as here equating low-skilled workers with beggars; they are not remotely alike. But what does hold true across all facets of human behavior is the reality that as the cost to a person - any person - of engaging in some activity rises without any corresponding increase in the benefit to that person of engaging in that activity, that person will engage in less of that activity. This truth holds for employing workers no less than for giving to beggars. And that you or I or Pres. Obama might "like" economic reality to be different is utterly inconsequential.

Sincerely,
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