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 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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7 January 2007

The Editor, New York Times Book Review
229 West 43rd St.
New York, NY 10036

To the Editor:

Reviewing P.J. O'Rourke's "On 'The Wealth of Nations'" (Jan. 7), Allan Stone admits that he has not read Adam Smith's Wealth of Nations. I admire Mr. Stone's candor. I also believe that if he had read Smith carefully he would stop fretting about America "exporting manufacturing jobs."

Were Adam Smith alive today he would ask if Mr. Stone worries about technological advances. After all, jobs are forever being destroyed by mechanization that increases each worker's output. This rise in productivity releases many workers to produce other goods and services that previously were too costly to produce. As a result, the economy's output expands - in large part because many manufacturing jobs are "exported" to machines. Assuming that Mr. Stone rejects the Luddite fear of technology, he should reject also the mercantilist fear of imports.

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6 January 2007

The Editor, New York Times
229 West 43rd St.
New York, NY 10036

To the Editor:

Reporting on economist George Akerlof's effort to make economics more "realistic" than it was under the influence of the late Milton Friedman, Louis Uchitelle mistakenly attributes to Mr. Friedman the view that workers' "pressure for higher pay" fuels inflation ("Encouraging More Reality in Economics," Jan. 6).

Mr. Friedman vigorously and famously rejected the notion that rising costs - including rising labor costs - cause inflation. Indeed, one of his most memorable phrases is that "inflation is always and everywhere a monetary phenomenon, in the sense that it cannot occur without a more rapid increase in the quantity of money than in output."

4 January 2007

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

Dear Editor:

George Will rightly argues that the legislated minimum-wage should be $0 ("The Right Minimum Wage," Jan. 4). Recognizing that Congress never behaves so wisely, Mr. Will argues that a second-best option is to let states with lower costs of living set minimum-wages lower than the one set by Uncle Sam. While sensible, this proposal directly contradicts the original purpose of the federal minimum-wage - namely, to protect northeastern textile producers from lower-wage competition coming from rival producers in southern states.

2 January 2007

Editor, The Los Angeles Times

To the Editor:

Raising the minimum-wage apparently is good politics for Democrats ("Democrats to tackle modest proposals," Jan. 2). But it remains bad economics.

Minimum-wage legislation springs from the faith that insists that when government modestly raises firms' costs of hiring workers, firms absorb most of these costs rather shift them onto workers in the form of such unpleasant surprises as layoffs, fewer fringe benefits, and more stressful work conditions. If correct, this faith implies not only that government can raise wages by passing minimum-wage legislation but also, for example, that government can reduce unemployment by requiring all firms to hire a minimum number of full-time workers. We might call this "minimum-workforce legislation."

Of course, if you worry that minimum-workforce legislation will backfire - say, by reducing the number of employers and causing unemployment to rise - then you should also worry that minimum-wage legislation will backfire.

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1 January 2007

Editor, CBS Evening News

To the Editor:

So California now prohibits car insurers from using customers' zip-codes as guides to the riskiness of insuring automobiles. Your report on this legislation (Jan. 1) contained zero critical insight. By gullibly accepting the allegation that insurers use zip-codes to "discriminate" against poor people, you unwittingly endorse the notion that insurance companies knowingly sacrifice profits in order to indulge a costly desire to "discriminate."

Isn't it far more plausible that zip-codes are the lowest-cost source of reliable (if not perfect) information on the riskiness of different customers? If insurers had a lower-cost way of getting more nuanced and reliable information on customers' riskiness, their lust for profit would surely propel them to use it.