Comment on the Commentary of the Day

by
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30 December 2007

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

To the Editor:

Peter Goodman asserts that "The monopolistic excesses of the Robber Barons led to antitrust laws" ("The Free Market: A False Idol After All?" December 30). This notion is as mistaken as it is common.

Research conclusively shows that before the 1890 passage of the Sherman Antitrust Act the industries run by so-called "Robber Barons" behaved in ways emphatically opposite the ways of true monopolists. J.D. Rockefeller, Andrew Carnegie, Gustavus Swift, and other "Robber Barons" expanded their outputs more rapidly, and cut their prices more deeply and consistently, than did other business owners. Research also reveals that Sen. John Sherman sponsored his famous Act in order to get political cover for his pet cause: higher tariffs. Only three months after passage of the antitrust act, Sen. Sherman successfully pressed for the McKinley Tariff of 1890. [Thomas J. DiLorenzo, "The Origins of the Sherman Act: An Interest Group Perspective," International Review of Law and Economics, June 1985, pp. 73-90.]

The only "excess" at the time was Congress's duplicity as it posed as defender of consumers while saddling them with higher prices made possible by what was then the largest tariff hike in U.S. history.

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29 December 2007

Editor, The Washington Times

Dear Editor:

Louis Candell deserves applause for his clear-eyed opposition to the war on drugs (Letters, December 29). I offer, though, a slight correction to his argument.

Selling illegal drugs likely is not an especially profitable enterprise. While prohibition raises drug prices, sellers' risks of imprisonment and death - and their need to bribe officials - reduce the expected real return to drug selling. This "war's" violence nevertheless is caused by prohibition. First, prohibition screens out law-abiding citizens from this industry and screens in the reckless and those whose respect for the law is unusually low. Second, by imposing harsh penalties for the peaceful activity of merely selling drugs, it thereby reduces the severity of the additional legal sanctions that drug dealers suffer if they resort to violence. That is, if the penalty for drug selling is ten-years imprisonment and that for armed robbery is 15 years, the drug seller who resorts to armed robbery risks only an additional five years in prison - a penalty only one-third as harsh as it would be were selling drugs legal.

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28 December 2007

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

To the Editor:

Paul Krugman worries that, although trade between high-wage countries is mutually beneficial, "trade between countries at very different levels of economic development tends to create large classes of losers as well as winners" - and so is suspect because it likely harms ordinary American workers ("Trouble With Trade," December 28).

A famous trade economist argues that this concern is misplaced. In a 1996 essay, this economist - responding to a protectionist who worried that western trade with low-wage countries would harm workers in the west - wrote that this protectionist "offers us no more than the classic 'pauper labor' fallacy, the fallacy that Ricardo dealt with when he first stated the idea, and which is a staple of even first-year courses in economics. In fact, one never teaches the Ricardian model without emphasizing precisely the way that model refutes the claim that competition from low-wage countries is necessarily a bad thing, that it shows how trade can be mutually beneficial regardless of differences in wage rates."

Oh - the economist who wisely warned against the pauper-labor fallacy is none other than Paul Krugman. [Paul Krugman, "Ricardo's Difficult Idea," http://web.mit.edu/krugman/www/ricardo.htm]

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27 December 2007

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

To the Editor:

Opposed to free trade, David Raines asks "How can it be good for workers to be subjected to competition from low-wage countries?" (Letters, December 27). This question reveals a common misunderstanding.

Worker compensation in America is high because American workers are made highly productive by the great amounts of capital they work with. (And by the way, America is rich in capital, in part, because she consistently runs capital-account surpluses - i.e., "trade deficits.") Where wages are low, it is because workers in those places have little capital to work with and, therefore, are not very productive.

G.M. and Toyota continue to sell cars even though bicycles - a competing means of transportation, but one far less productive than cars - fetch much lower prices. For the same reason, with free trade American workers will continue to sell their labor for high wages even though many workers abroad fetch much lower wages.

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26 December 2007

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

Dear Editor:

Sally Pipes nicely explains why government statistics on overweight Americans are best taken with a grain of salt ("Brave New Diet," December 26). I applaud also her defense of each person's freedom to choose. More, however, can be said in favor of this freedom: namely, it is required for there to be equality before the law.

Such equality means that no one has the right to play god with the lives of others. But if Jones asserts that he has a duty or a right to order Smith about for Smith's own good, Jones thereby asserts that he is better than Smith = that he has more knowledge than does Smith about Smith's life - or that Jones occupies a higher social rank that accords him the privilege of dictating Smith's "choices." Any such assertion is anathema to a society of free and equal individuals.

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25 December 2007

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

To the Editor:

Timothy Kane asserts that among the cause of the collapse of the Roman Empire was "small government" (Letters, December 25).

Mr. Kane's history is wrong. Emperor Diocletian (reigned 284-305 AD) brought many industries, including mercantile trade, under state control. And with the Edictum de pretiis, he infamously imposed an Empire-wide system of wage and price controls. The results were calamitous.

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24 December 2007

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

To the Editor:

Paul Krugman asserts that the steady decline in labor-union membership happened because "beginning in the 1970s, corporate America, which had previously had a largely cooperative relationship with unions, in effect declared war on organized labor" ("State of the Unions," December 24). Two facts cast doubt on this assertion.

First, the decline in union membership began in the mid-1950s, not in the 1970s. Second, union membership in almost all of Europe and the rest of the industrialized world followed a similar trajectory to that in America.

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24 December 2007

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

Dear Editor:

Kurt Suomela is disturbed that politicians pander rather than engage in "an honest discussion" (Letters, December 24). This reality is indeed disturbing, but we should expect no more. We have a better chance of training a kangaroo to recite King Lear in a perfect Etonian dialect than we have of persuading any serious politician to put honesty and intellectual rigor above his or her quest for office.

December 24, 2007

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

Dear Sir or Madam:

Paul Krugman asks rhetorically, "does it make sense, in the current political and economic environment, for Democrats to lump unions in with corporate groups as examples of the special interests we need to stand up to?" ("State of the Unions," Dec. 24).

Suppose George Will had asked if it makes sense for Republicans to lump corporate groups in with unions "as examples of the special interests we need to stand up to?" Would Mr. Krugman take Mr. Will's statement seriously? Of course not. Nor should we take Mr. Krugman's statement seriously, as even a quick review of history reveals.

Sincerely,
Karol Boudreaux