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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6 January 2008

The Editor, The Economist
25 St James's Street
London SW1A 1HG
United Kingdom

SIR:

It's no surprise that "Contrary to popular wisdom, China's rapid growth is not hugely dependent on exports" ("An old Chinese myth," January 5). Just as no individual prospers by giving the fruits of his labor to others in exchange only for pieces of paper that he never spends, no group of people - including the Chinese - prospers by such a foolish strategy.

Exports are costs. They promote economic growth only if, in return, the exporters receive goods, services, and assets that improve their living standards and their capacity to produce. Any country that insists on exporting its produce and importing in return as little as possible is on a certain path to poverty.

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5 January 2008

Editor, The Wall Street Journal
200 Liberty Street
New York, NY 10281

To the Editor:

Laurie Williamson rightly notes that a political candidate's juvenile use of illegal drugs is irrelevant (Letters, January 5). But the reason isn't so much that the use occurred long ago as it is that such activity simply isn't as awful as these same "mature" candidates - almost all of whom want to continue the "war on drugs" - now proclaim it to be.

Suppose that Bill Clinton or Barack Obama confessed to juvenile "experimentation" with rape or check forgery. Would we dismiss this behavior as mere youthful indiscretion? Of course not. The fact that most people wisely overlook drug use in ways that they would never overlook rape, forgery, and other crimes that victimize innocent persons suggests that it is a cruel mistake to threaten drug users today with imprisonment.

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4 January 2008

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

To the Editor:

In "Dealing With the Dragon" (January 4) Paul Krugman again insists that trade with low-wage countries - especially China - threatens to depress wages in America. So I again refer Mr. Krugman (the shrill pundit) to Dr. Krugman (the skilled scholar of trade).

In his excellent 1996 essay "Ricardo's Difficult Idea," [http://web.mit.edu/krugman/www/ricardo.htm] Dr. Krugman pointed out that wages are determined by worker productivity. Therefore, low wages reflect low productivity. This fact, once grasped, reveals that low-wage countries have no general competitive advantage over high-wage countries. Dr. Krugman continued: "Someone like [James] Goldsmith [a protectionist] looks at Vietnam and asks, 'what would happen if people who work for such low wages manage to achieve Western productivity?' The economist's answer is, 'if they achieve Western productivity, they will be paid Western wages' - as has in fact happened in Japan."

Substitute "Mr. Krugman" for "Goldsmith," and "China" for "Vietnam," and Dr. Krugman's learning should calm Mr. Krugman's fears.

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3 January 2008

Editor, The Wall Street Journal
200 Liberty Street
New York, NY 10281

To the Editor:

Raymond Richman argues that the dollar's fall is the result of America's large trade deficit (Letters, January 3). Not true.

While a falling dollar tends to reduce the size of the trade deficit, the causality does not run strongly in the opposite direction. A large trade deficit and a strong dollar both often are caused simultaneously by the same phenomenon: an intense global demand to invest in the United States. Investors seeking dollar-denominated assets need dollars to acquire these assets. This demand for dollars drives up the dollar's value and the use of these dollars to by assets drives up America's trade deficit. The trade deficit can grow indefinitely without being followed by a falling dollar.

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2 January 2008

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

To the Editor:

Jared Diamond serves up the same tired world-is-running-out-of-resources story that has long been the staple of doomsayers whose apocalyptic predictions consistently fail ("What's Your Consumption Factor?" January 2). One flaw in this worldview is its blindness to the fact that that in entrepreneurial market economies people do not merely extract and consume; they creatively produce.

Nearly every "natural resource" was made into a resource by human creativity. Such creativity figured out ways of using for human betterment forests, land, harbors, and more recently things such as petroleum, chemicals, electricity, and the electromagnetic spectrum. Importantly, in modern, free societies - contrary to Mr. Diamond's assertion - there's no evidence that we're running out of resources. While the stocks of some resources are declining, known stocks of many others (including petroleum) are increasing. The greatest risk to this progress is baseless fears, such as Mr. Diamond's, that might scare humankind into abandoning the free markets that create resources and ever-higher living standards. [See Indur M. Goklany, The Improving State of the World (Washington: Cato Institute, 2007)]

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31 December 2007

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

Dear Editor:

Clyde Prestowitz attributes the economic growth of China, Japan, South Korea, Ireland, and the U.S. to protectionism (Letters, December 31). Unlikely. While governments in each of these countries protected favored industries, the source of each country's growth almost surely is liberal economic policies such as relatively low taxes, secure property rights, and tolerance of economic change.

If, for economic growth, shielding producers from foreign competition were sufficient, Cuba and North Korea would be economic powerhouses. If for growth such protectionism were necessary, not only would Hong Kong be destitute, but by requiring each U.S. state to trade freely with all sister states, the U.S. Constitution would have robbed Virginians, Pennsylvanians, and citizens of every other state of the prosperity they would have generated were producers in each state protected from out-of-state rivals.

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31 December 2007

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

To the Editor:

Paul Krugman accuses persons who want lower taxes and less government control over the economy as following a "greed-is-good orthodoxy" ("The Great Divide," December 31). A true "Progressive," I believe, would not resort so readily to name-calling.

Scholars such as F.A. Hayek and Milton Friedman never accused leftist scholars as following, say, a "use-the-state-to-steal-as-much-as-you-can orthodoxy." You can find no such name-calling in the writings of the likes of Messrs. Hayek and Friedman because these scholars respectfully assumed that they and their opponents shared the same goal - a free and prosperous society - and differed only on the means of achieving this outcome. The dispute was over means rather than motives. Mr. Krugman should accord his intellectual opponents the same respect.