**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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27 January 2008

Editor, The Baltimore Sun

Dear Editor:

Among Colin Lewis's recommendations for strengthening America's economy is to "Heavily tax or ban foreign imports" (Letters, January 27). He's mistaken. Congress infamously tried this tactic in 1930 with the Smoot-Hawley tariff. Economists agree that this move worsened the Great Depression.

One reason such protectionism fails is that, as happened in the wake of Smoot-Hawley, other governments respond by raising their own tariffs, thus dampening demand for U.S. exports. More fundamentally, because protectionism reduces the amounts that foreigners sell to Americans, it reduces the amount of dollars foreigners earn to spend and invest in America. As foreign spending and investing in America inevitably declines in response to higher U.S. tariffs, American industries whose markets are supported by foreign spending and investment decline. Workers in these industries are laid off.

Mr. Lewis and other protectionists forget that foreigners sell things to Americans only because these foreigners want either to buy things from Americans or, better yet, to invest in America.

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26 January 2008

Editor, The New York Post

Dear Editor:

Jacob Sullum clearly explains the dangers lurking in Hillary Clinton's and so many other pols' eagerness to peel away our freedoms in the name of "fairness" ("'Fairness' v. Freedom," January 26). Had these "leaders" been around in 1776 we might have wound up with a Declaration proclaiming that all people have rights to "life, fairness, and happiness." Had they been around for the writing of the Bill of Rights, every American would enjoy the unalloyed right to speak fairly, as well as to worship fairly, assemble fairly, and petition for redress of grievances fairly. Also constitutionally protected would be the press's right to report fairly.

Does anyone imagine that such institutionalized fairness would in practice be anything other than a recipe for tyranny?

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25 January 2008

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

To the Editor:

Paul Krugman is correct: Uncle Sam's stimulus plan is indeed "a lemon" ("Stimulus Gone Bad," January 25). But it's a lemon not because, as Mr. Krugman worries, the money added to the economy won't be spent. It's a lemon because, whether it is spent or not, any "stimulus" money added to the economy must first be extracted from the economy. If these funds are gotten through taxes or lower government spending the result is less spending and investment by taxpayers and less spending by government. If the funds are gotten through borrowing, private investment spending falls. If the funds come from printing new dollars, the result is inflation: nominal spending rises but so, too, do nominal prices - in the end it's a wash, with real spending remaining unchanged.

Government should forget about short-term trickery and focus on long-run fundamentals.

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24 January 2008

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

To the Editor:

I'm delighted that Bill Gates is reading the important work of the late Julian Simon ("Gates Calls for Kinder Capitalism," January 24). When he digests Mr. Simon's central idea - that human beings in market economies are "the ultimate resource" - Mr. Gates might then recognize that there is no need to change capitalism so that it becomes "creative." Capitalism has always been creative. It is inherently creative.

Everything from apparently mundane pencils and stocked supermarket shelves to obviously complex skyscrapers and personal computers are astonishingly complex artifacts created by human ingenuity unleashed, as only capitalism can unleash it, to experiment, cooperate, and compete. No philanthropist, no government body or commission, no Great Leader - no matter how "creative" or "kind" - has done one-trillionth as much to give dignity and comfort to ordinary people than has capitalism. It doesn't need re-inventing or to be made kinder; it just to be spread more widely around the world.

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24 January 2008

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

Dear Editor:

J. McDonald Kennedy's encomium for the Baltimore Sun (Letters, January 24) fails to mention what is perhaps the Sun's finest contribution not only to journalism but to American letters and wisdom: the great Sun reporter H.L. Mencken. Mencken's style and philosophy of vigorous journalism were on display when he wrote in 1942 that "In my day a reporter who took an assignment was fully on his own until he got back to the office, and even then he was little molested until his copy was turned in at the desk; today he tends to become only a homunculus at the end of a telephone wire, and the reduction of his observations to prose is commonly farmed out to literary castrati who never leave the office, and hence never feel the wind of the world in their faces or see anything with their own eyes."

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Friends,

In tomorrow's edition of the Christian Science Monitor I lay out my stimulus plan; it's got little in common with the plans advanced by politicians. Here's the link to it: http://www.csmonitor.com/2008/0124/p09s02-coop.html

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23 January 2008

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

To the Editor:

Len Burman proposes to avoid recession by repealing the Bush tax cuts two years early, in 2009 ("Make the Tax Cuts Work," January 23). He asserts that "If people knew that their tax rates were going up next year, they'd work to make sure that more of their income is taxed at this year's lower rates." And investors would "cash out their capital gains now to avoid paying higher taxes later."

Strange argument. First, Milton Friedman's permanent-income hypothesis (which has much empirical support) shows that people spend according to their expected incomes over the long-run. Promising to raise taxes next year, especially because doing so reduces people's future take-home incomes, would do little to promote more spending in 2008. Second, since when is disinvestment - which is what cashing out capital gains amounts to - good for the economy?

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23 January 2008

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

To the Editor:

Len Burman argues that repealing the Bush tax cuts two years early, in 2009, will stave off recession ("Make the Tax Cuts Work," January 23). He reasons that "If people knew that their tax rates were going up next year, they'd work to make sure that more of their income is taxed at this year's lower rates." And investors would "cash out their capital gains now to avoid paying higher taxes later."

If Mr. Burman's economics are correct, his proposals are far too modest. Why not propose that Uncle Sam announce that in 2009 he will raise income-tax rates to 100 percent and confiscate all investment property?

Think of the enormous outpouring of work that will result in 2008! And because looming confiscation in 2009 will cause the cashing out of ALL investments in 2008, the resulting economic stimulus would dwarf that which would follow from a mere cutting of capital-gains taxes.

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22 January 2008

Editor, The Region
Federal Reserve Bank of Minneapolis

Dear Editor:

I very much enjoyed your interview with Eugene Fama (December 2007). But I wonder if Fama was somewhat inconsistent. When asked about principal-agent problems in corporations, he correctly pointed out that state statutes protecting corporations from hostile takeovers (and, hence, protecting incumbent managers from losing their jobs) strip away some market discipline that corporations would otherwise - and healthily - be subjected to.

But when asked about CEO compensation, Fama says that it would be excessive only if the compensation process gets "corrupted." But he adds that he doesn't "know of any solid evidence that the process was corrupted."

Does not anti-takeover legislation corrupt the process?

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22 January 2008

Editor, USA Today

Dear Editor:

Re Carl Davis's "War-time taxes" (Letters, January 22): too many pundits all across the political spectrum argue that the benefit of tax cuts is that they directly stimulate consumption. This argument is mistaken. The true benefit of tax cuts is that they increase the return to work and investment, and thus increase production. Greater consumption is the reward, not the fuel, of greater productive efforts.

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21 January 2008

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

SIR:

Lexington (January 19) correctly reports that the muckraking journalist Ida Tarbell alleged that Standard Oil's success in the late 19th century grew from "fraud, deceit, special privilege, gross illegality, bribery, coercion, corruption, intimidation, espionage or outright terror." But Ms. Tarbell also described John D. Rockefeller's company as "a marvelous example of economy."

Research over the past several decades reveals Ms. Tarbell's latter description to be the truer one. Her famous allegation that Standard Oil grabbed market share through predatory pricing is solidly discredited. Also discredited is any implication that Standard hurt consumers: the price of kerosene (Standard's chief output) fell steadily as Standard’s market-share grew. By 1897 this price had fallen by 80 percent from where it was at the time of Standard's founding in 1870.