The Washington Post

Thoughts on a pro-market, pro-government vision

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January 8, 2019

Brink Lindsey's Jan. 3 Thursday Opinion essay, "A more perfect union: The free-market welfare state," did a reasonable job of making the case that U.S. politicians need to find a middle ground that supports effective government and allows the market to do what it does best. But Mr. Lindsey missed government's key role in providing the foundation for the innovations he said the market is good at delivering.

There are few examples in recent decades of the private sector developing innovative, science-based products that were the fruit of a firm's fundamental research. Instead, the private sector has a great track record of taking the results of government-funded fundamental research (or pilot programs) and developing applications, products or processes that are then brought to market. Innovative electric-car batteries and new oil-drilling techniques, to take but two examples, are both the fruits of government-funded fundamental research. Unfortunately, the Trump administration appears to have ignored government's role in innovation, judging from its general approach to science (ignore it or politicize it) and its budgets, which have significantly cut funding for non-military federal research programs.

The new Congress should hold a series of hearings on the federal role in fundamental science, its importance to our global competitiveness and national security, and the adequacy of the administration's proposed budgets for scientific research.

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In his Jan. 3 Thursday Opinion essay, Brink Lindsey asserted that he and his colleagues at the Niskanen Center have discovered "a path forward that can bring Americans together across ideological battle lines" by making the welfare state "work better." They would "root out perverse incentives and . . . restore fiscal sustainability." In the immortal words of the human trafficker in "Taken": "Good luck."

Mr. Lindsey, a former Cato Institute colleague of mine, ignored the wisdom of the late Nobel laureate James M. Buchanan, co-founder of the public choice school of political economy and a distinguished senior fellow at Cato. Buchanan demonstrated why perverse incentives are endemic to government programs and that constitutional constraints, not good intentions, are the best hope for eliminating them. William A. Niskanen, former Cato Institute chairman and the namesake of Mr. Lindsey's center, was a champion of Buchanan's and would have adamantly opposed what the center is proposing.

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