Published on *Adam Smith Institute* (http://www.adamsmith.org)

Gentlemen, kickstart your engines [1]

Written by **Sam Bowman** [2] | Friday 10 August 2012

Tim Worstall, no stranger to these parts (and author of probably the best blog in the UK blogosphere [3]), is using Kickstarter to generate support for his next book, ?How to Create a Liberal America? [4]. As you?d expect from Tim, it?s a very smart idea: he wants to outline the sort of regulatory regime the US would need to have a ?Swedish? system ? in other words, a fairly redistributive but also fairly unregulated, free market economic system.

That?s exactly the sort of argument that I?d like to see more libertarians making ? yes, high taxes are bad, but the real meat is in looking at how the regulatory state holds back wealth creation at every turn. Political debate has settled along the redistributive divide: if you want quite a lot of wealth redistribution, you?re a lefty, if you want quite a bit less wealth redistribution, you?re a righty. That?s a shame ? as Tim will hopefully be getting a chance to argue, there?s no reason you couldn?t pair a deregulated, dynamic free market with a fairly redistributive state that gives quite a lot of money to people at the bottom of society.

Kickstarter itself is a great idea. For those who don?t know it, you pledge a certain amount of money in order to get a certain project off the ground ? but you only pay if the goal is reached. It's a great idea and gets around a lot of public goods and internet piracy problems.

Here?s an example: Suppose internet piracy means that the next Adele album isn?t profitable to make and then sell, even though she has lots of fans who would be willing to pay if they didn?t have the piracy option. A Kickstarter-like project could allow Adele to say, alright, the cost of making the album (including the earnings I want to make it) is around £1 million. Like Tim Worstall, she might have a few different tiers of support ? if you pledge £20, you?ll receive the album once it?s made; if you pledge £50, you?ll get this free t-shirt as well; and so on.

The big advantage here is that people will really be paying for the album to exist ? piracy, at this point, isn?t an option. Yes, you will still have free riders but, as with other public goods, free riders aren?t a problem if enough people are willing to pay for something to exist. (Consider how many privately-funded charities and public monuments exist.) It?s true that Adele probably won?t earn as much from this as she might have fifteen years ago, but if she?s earning enough to make the product and benefit society, who cares?

You can imagine a similar scheme for lots of other public goods that we usually imagine that only

government can provide, like street lighting. And sites like this can bring out the best in people: here's a project on a similar site to raise money to rebuild a mosque that was burned down in America [5] ? it's raised $260,000 in just sixty hours.

Head on over to the Kickstarter page to read more about Tim?s project. [4] I've backed it ? now let?s hope it gets off the ground.

blog comments powered by Disqus [7]

Source URL: http://www.adamsmith.org/blog/economics/gentlemen-kickstart-your-engines

Links:
[1] http://www.adamsmith.org/blog/economics/gentlemen-kickstart-your-engines
[2] http://www.adamsmith.org/taxonomy/term/5809
[3] http://timworstall.com/
[4] http://www.kickstarter.com/projects/1243658525/how-to-create-a-liberal-america
[5] http://www.indiegogo.com/joplinmosqueofficial
[6] http://disqus.com/?ref_noscript
[7] http://disqus.com