

[Don?t pay and don?t go](#) [1]

Written by [Cameron Willard](#) [2] | Thursday 6 January 2011



I suppose Thomas Friedman?s rhetoric is better than nothing. The New York Times columnist has [written a piece](#) [3] deploring the laziness of the US tax compromise enacted by the lame duck Congress a couple weeks ago. And he?s right. While congressmen pat themselves on the back for being special enough to cross the aisle, what seems to have escaped everyone?s attention is that the legislation exemplifies the very kind of fiscal irresponsibility that has left the US economy in such rough shape. As in the Bush years, taxes are being cut while government spending is being increased. It boggles the mind.

But Friedman?s solution is hardly the way forward. He lionizes Atlanta?s mayor Kasim Reed for reforming pensions (one step forward), and using the money saved to provide government services elsewhere (two steps back). Friedman?s manta is ?cut here, invest there?, and he says: ?to thrive in the 21st century ? to invest in education, infrastructure and innovation ? America cannot afford a politics of mindless austerity?. ?Mindless austerity? is essentially an oxymoron, but linguistics aside, there has been a huge amount of government-directed investment in these areas, and things haven?t worked out well. By example, US education spending per pupil ranks with the most studious countries of Northern Europe, yet educational achievement in America is comparatively poor. The problem isn?t that government spending is too low, it?s that an unaccountable system does not lead to the effective provision of education.

Similar problems loom with infrastructure because the federal government tends to misallocate spending, leading to bridges that go nowhere. And government-directed innovation is the most dangerous of all. Whether there is a place for government funded of research can be debated, but inevitably the federal government gets caught up in picking winners and losers on behalf of the economy, thereby stifling rather than aiding innovation. Friedman calls for more ?pay-as-you-go-progressives? in the political arena; he?s better off leaving these tasks to the private sector, where investments make sense and paying for what you buy is de rigeur.

Another New York Times columnist, Ross Douthat, gets it right [in this piece](#) [4] as he lambasts moderates in Congress for their unwillingness to make hard choices regarding budget cuts. It?s a shame that the only people who seem to be concerned about runaway spending are hardline conservative senators like Tom Coburn and Jim DeMint (both of whom I find unpalatable in other areas of policy). One hopes that the incoming Republican House will control federal spending under the influence of bona fide fiscal conservative Paul Ryan. But between big-government conservatives, compromising moderates, and pay-as-you-go liberals, it seems unlikely.

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