

Macro Roundup Article

Headline: [Bidenomics and Its Contradictions](#)

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Tweet: [@greg_ip](#) notes that markets are more efficient than governments in allocating scarce resources, but "Bidenomics sees market failure all around" and thus has "no limiting principle on government intervention."

Summary: First, the quality of economic growth matters more than the quantity. Second, laissez-faire is out, industrial policy is in. Third, trade policy should give priority to American workers, not consumers. Basic economics tells us that capital and labor are finite, so they need to be allocated in a way that maximizes productivity and growth. Experience has shown, painfully, that governments are much worse at this than markets. Market failures exist, of course, such as pollution or military vulnerability, but they are exceptions. Bidenomics accepts the value of markets but sees market failure all around, in everything from regional, racial and gender inequities to the lack of rural high-speed internet and affordable child care. When market failure is so broadly defined, there is effectively no limiting principle on government intervention.

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