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'Why Economies Grow': Rethinking the 1990's Boom

By JOHN McMILLAN

“The market is rational; the government is dumb.” Representative Dick Armey says this is his favorite axiom. Jeff Madrick, the editor of Challenge, an economics magazine, would disagree. While markets are the primary source of our prosperity, he argues in “Why Economies Grow,” we rely on the government as well. Creating the Internet wasn't dumb. Nor was building the Interstate System of highways. These and other government initiatives accelerated America's economic growth by improving communication and transportation and thus widening the reach of markets.