

# Innovators and entrepreneurs: XPRIZE as catalyst

Economic freedom is positively associated with job creation

By Michael D. LaFaive | November 2024

A contentious political season leaves many people exhausted and despairing that any good can come out of the public sphere. But there are still many bright and happy notes to consider. The spirit of innovation and entrepreneurship is still a powerful, creative force, as exemplified recently by a conference held in California. The contest involves the XPRIZE Foundation, which underwrites competitions to “make radical breakthroughs for the benefit of humanity” and unites big idea people and risk-taking investors and philanthropists.

Politics and policy can assist innovation and entrepreneurship (think: rule of law, contracts). But they can also be harmful when they take the form of crushing regulation and taxation. Given this, we should honor those people who take risks in a free marketplace, even in the face of bad policy choices.

The first XPRIZE was made famous by the announcement of its inaugural \$10 million contest. The award would go to any person or group that could launch a spacecraft into space, recover it and then fly it back to space within two weeks. The XPRIZE

Foundation, and its related competitions, has grown since its first prize, given in 2004. It continues to run competitions in a variety of fields: oil clean up, efficient cars, new sensors to tackle healthcare, and ocean exploration, among others.

In late October the XPRIZE organization held a conference to identify new ideas worth funding. One team entering the \$10 million XPRIZE rainforest

competition includes Michigan State University professor Eric Benbow. The scientists of the Limelight Rainforest team partnered with a company to create

drones that can better collect distant water samples and brush the tops of tree canopies. The drones also place traps and provide video and audio that would be much harder to obtain otherwise. The research has untapped commercial potential as well.

Benbow says that his team’s work, driven by the XPRIZE competition, could help identify rainforests suited for sustainable economic and community development. He believes the experience will reveal where ecotourism can coexist with preservation

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or identify areas that can be used for carbon sequestration.

Another contest being administered by the XPRIZE Foundation is one of its largest yet. The XPRIZE Carbon Removal contest is designed to find innovators who discover ways to remove at least 1,000 tons of carbon dioxide annually from the Earth's atmosphere and oceans. They must also demonstrate a route to removing 1 gigaton of carbon dioxide. The prize is being funded by Elon Musk and the Musk Foundation to the tune of \$100 million.

One former XPRIZE competitor in the carbon contest, Carbotura, is working to recycle refuse by reducing it to its tiniest mass, or molecular level. Its process microwaves garbage and channels it into end materials, such as graphite, that can be sold in the marketplace, creating a net negative carbon footprint.

When one sees what the XPRIZE Foundation is trying to accomplish it is hard not to appreciate The Wall Street Journal's recent observation that "America remains a nation of striving optimists."

The great ideas coming out of the XPRIZE efforts should be encouraged by better government policy. Fascinating research by university scholars has found positive associations between economic freedom and economic dynamism, and a negative one between state intervention and the number of patents granted to a state's residents and businesses.

Academic evidence shows that state economic development policies aimed at encouraging innovation

and entrepreneurial growth may actually thwart it. There is "a robustly negative relationship between development incentives and patent activity," according to a 2018 study in the Journal of Entrepreneurship and Public Policy. The study also found "a positive association between economic freedom and patent activity and net business formation."

American economic history is chock-a-block with the derring-do of entrepreneurs and inventors. Upjohn, McCoy, Dow, Kellogg, Ford, Vanderbilt, Rockefeller and Edison, are just a few of the names that come to mind. Several are featured in the Mackinac Center book, "Empire Builders: How Michigan Entrepreneurs Helped Make America Great," which chronicles the way innovators overcame great odds to bring to market products consumers readily embraced. Michigan and America are still blessed with innovators.

But we should do better. Michigan didn't score well in the Fraser Institute's last report, and America isn't even the most economically free among nations. Our national and state governments should make better policies so innovative scientists and entrepreneurs can more readily solve problems, to widespread public benefit.

Available online at: [www.mackinac.org/v2024-33](http://www.mackinac.org/v2024-33)



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