

Taking Note

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Cato Institute Exposes Leftist Plot: Medicare's Independent Payment Advisory Board

by Harold Pollack



(This is cross-posted at the Reality Based Community)

For most of my childhood, I lived in nice suburb near Rochester, NY. Our town included many Holocaust survivors and refugees from the Soviet Union. Inscribed in a notebook at our local Jewish Community Center were names of relatives lost. Our neighbor up the street survived a roundup of Jews by hiding in a wall, listening silently while a neighbor and local police tore the place apart looking for him.

At that same JCC, one could find an elderly poet hobbled by injuries inflicted decades before in a Gulag work camp. Many of these men and women lived quietly with memories of staggering trauma and loss. I knew people my own age from summer camp who endured less-homicidal, but still cruel and unjust mistreatment in the Soviet Union.

None of this has anything to do with the subjects I usually write about. It happens to be important to me. It certainly has nothing to do with Medicare's Independent Payment Advisory Board (IPAB). Or maybe it does.

Last weekend I posted an item at *American Prospect* lamenting Congress's deep opposition to IPAB and its unwillingness to address its own misaligned incentives in setting health policy. The guts of my argument were simple:

IPAB attracts bipartisan opposition because it might constrain the ability of Senator X or House Chairman Y to quietly help that local wheelchair manufacturer or academic medical center, to make sure that this national association of orthopedic surgeons or home care providers has proper cover in the legislative process....

In short, we face a massive collective action problem. Every Democratic and Republican policy expert knows that we must reduce congressional micromanagement of Medicare policy. Unfortunately, every Democratic and Republican legislator knows that mechanisms such as IPAB that might do so would thereby constrain their own individual prerogatives.

As Maggie Mahar notes on this very site, there's nothing novel in this argument. Liberals, conservatives, and libertarians have said similar things for years. As I recall, Republicans are rather fond of noting the incompetence and venality of Congress, at least under Democratic majorities.

Apparently, I said something wrong. Yesterday's Cato Institute blog includes an entry by Michael Cannon, titled "Inside Every Leftist Is a Little Authoritarian Dying to Get Out." Cannon regards my support for IPAB as literally another step on *The Road to Serfdom*.

Supplying the requisite slippery-slope Hayek quotations, Cannon intones, "This isn't how it starts. This is how it snowballs." No, it isn't.

It makes no sense, from any ideological or political perspective, for Congress to approach regulation and financing of our health care colossus as a fragmented, rent-seeking mob.

Friedrich Hayek was wrong about many things. I don't entirely blame him. He wrote under the shadow of Hitler and Stalin, during the most brutal war in human history. He provided genuine insight into the dangers and faults of socialist economic planning. Given that historical moment, Hayek was understandably and forgivably prone to mistake instruments of effective government with more sinister things.

Less forgivably, since they've had seven subsequent decades to think about it, Hayek's epigones perpetuate the same confusion. They seem determined to overlook democracies' ability to create wealthy, vibrant, regulated market economies without traveling the slippery slope to totalitarianism or socialist mediocrity.

American social insurance systems are maddeningly incomplete. In places these systems require repair and adjustment—including mechanisms such as IPAB to address predictably misaligned incentives within our health care political economy. Despite real challenges, social insurance in Western Europe and the United States provides basic retirement, employment, and health security to millions of people. Such security makes a dynamic market economy possible, in no small measure by making that market economy safer and more humane, and thus more legitimate to the ordinary person. Our commitment to treat everyone with mutual respect and decency provides a good foundation for individual freedom, too.

Hayek was right to warn about the dangers when welfare states go too far. He was quite wrong to see this possibility as an inexorable threat to our freedom or one that couldn't be addressed through democratic means. He was even more wrong to disparage the commitment to freedom embraced by those who hold

more egalitarian economic views.

Cannon' describes me as a "leftist" and an (aspiring) "little authoritarian." There is a certain authoritarian mindset in Cannon's own writing, which flattens basic distinctions between conventional technocratic liberalism and socialist central planning. Unfortunately, the internet encourages and rewards precisely this sort of boorish overstatement.

Ironically, such overstatement trivializes the real blows to human freedom that people have endured, many at the hands of *actual* leftist authoritarians. Before I get frightened by some panel of health services researchers exploring effectiveness of back surgery, I remember people I know who have seen much worse.

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