How to Fund Trumps Border Wall While Saving Lives

Steve H. Hanke

December 31, 2018

President Trump and Congressional Democrats have decided to enliven the Christmas season with a game of chicken over President Trump's proposed "border wall." As a result, the federal government is partly shut down until the issue is resolved.

The President wants $5 billion to start building the wall. Democrats have offered just $1.6 billion. If the problem truly is money and not that the Democrats oppose a wall under any circumstances, there is a place in the federal budget to find all the money the President wants while saving thousands of lives a year in the process.

More than 700,000 Americans are afflicted with kidney failure. Of those, almost 30 percent live with transplant kidneys with the remaining 70 percent on dialysis. Under a 1972 law, the federal government pays for kidney dialysis for every American whose private insurance does not cover treatment. In 2016, the latest year for which data are available, Medicare spent $35.4 billion on patients with kidney failure (read: end stage renal disease).

While dialysis is better than nothing, it is not as good as a kidney transplant which typically allows the recipient to live a longer and healthier life. Unfortunately, another federal law, the National Organ Transplant Act of 1984, forbids "valuable consideration for use in human transplantation if the transfer affects interstate commerce." The law was apparently enacted in response a Virginia doctor's plan to buy kidneys from poor foreigners and poor Americans and then sell the organs to richer Americans.

The result of this well-intentioned but poorly conceived law is a severe shortage of kidneys. Currently, more than 95,000 Americans are on the waiting list for kidney transplants, but there are only about 15,000 transplants a year. In consequence, about 5,000 people a year die before they can receive a transplant.

Approximately 60 percent of transplanted kidneys come from deceased donors with the other 40 percent coming from living ones. Most people have two working kidneys and can live normally with only one. This makes living donations possible. Kidneys from living donors have a better success rate and are preferable if they are available.

The way to increase donations is to pay living donors or the estates of deceased donors compensation for their kidneys. Blood plasma donation provides an indication of how compensation for kidney donors would work. Compensating donors of blood plasma is legal in the United States but illegal or discouraged in some other countries, including Canada. The result is that the United States has a more than adequate supply of plasma, as safe as modern science

can make it, while other countries must import from the United States or risk shortages that endanger people's lives.

A 2015 multiauthor study estimated that paying living donors $45,000 and deceased donors $10,000 would produce a supply of kidneys for transplantation sufficient enough to end the waiting list and save the lives of the people who die before they can receive a transplant. Taxpayers would save money by paying donors because dialysis is expensive. Dialysis costs an average of $76,000-91,000 per person per year, depending on the type of treatment. A transplant plus a reasonable level of compensation to the donor is therefore less than the cost of two years of dialysis. The 2015 study estimated that the federal government's savings from allowing compensation to donors and ending the kidney shortage would be $12 billion a year. That's not just for one year; it's every year from now on.

In the outgoing 115th Congress, Matt Cartwright, a Democratic representative from Pennsylvania, has introduced the Organ Donor Clarification Act to allow the Secretary of Health and Human Services to authorize pilot programs for organ donation. Cartwright has been laboring in this vineyard for a few years, along with a number of advocacy groups. His bill has the support of a number of medical groups, including the American Medical Association. Cartwright's bill aims small because that is all he has thought he could get from his colleagues. Now that the chance has arisen to think bigger, why not take his good beginning and allow full-fledged compensation programs, not just pilot programs? Adequate safeguards to meet any reasonable objection can be devised. In fact, most are already in place in the current system without compensation, as kidney donors will tell you.

There are some budgetary wrinkles with capturing the savings from lower costs. Kidney dialysis is in the mandated part of the budget, while the border wall is in the discretionary part. And, because there is a backlog of dialysis patients waiting for kidneys, the savings from getting kidneys for all of them might not be realized until the second year. However, clever budget and legal minds should be able to find ways around these problems, given the underlying economic reality that money is fungible.

So, how about it, President Trump? How about it, Congressional Democrats? Do you want to save, save lives, and resolve the partial government shutdown? It's time to think compassionately and creatively.

Steve H. Hanke is a Professor of Applied Economics and Co-Director of the Institute for Applied Economics, Global Health, and the Study of Business Enterprise at The Johns Hopkins University in Baltimore. Prof. Hanke is also a Senior Fellow at the Cato Institute in Washington, D.C.; a Distinguished Professor at the Universitas Pelita Harapan in Jakarta, Indonesia; a Senior Advisor at the Renmin University of China's International Monetary Research Institute in Beijing; a Special Counselor to the Center for Financial Stability in New York; a member of the National Bank of Kuwait's International Advisory Board (chaired by Sir John Major); a member of the Financial Advisory Council of the United Arab Emirates; and a contributing editor at Globe Asia Magazine.