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RETURN TO REASON

Obama's politburo of proctologists

Exclusive: Ilana Mercer notes 'Barry the Bolshevik' doesn't answer to laws of economics

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By Ilana Mercer

Obama is a heavy-duty planner; a command and control kind of guy. He aims to replace cumbersome, heavily regulated medicine — the kind Americans have now — with Kafkaesque, centrally controlled care. He'll start small — a modest health care expansion totaling \$2 trillion — and will proceed from there.

During the recent ABC News health care infomercial, put on for the Big Man's benefit, the president smirked: "If private insurers say that the marketplace provides the best-quality health care; if they tell us that they're offering a good deal, then why is it that the government, which they say can't run anything, suddenly is going to drive them out of business?"

The marketplace, of course, doesn't conceive of separate spheres, neatly carved-up by statists. The laws of supply and demand don't answer to Barry the Bolshevik. Private practitioners and providers, in extant and nascent markets for medicine, must know that if The Man and his Machine bring in a "public option," offering coverage to whomever wants it, the marketplace will change.

To fit his fanciful confabulations, Obama has insisted that "because the public plan will have lower administrative costs 'we can keep them [private insurance companies] honest.'"

This is instructive. Ever wonder why the president is so confident that the "public option" will be cheaper? Here's why: A "public plan" is a subsidized plan in which prices are artificially fixed below market level. As sure as night follows day, overconsumption and shortages always ensue.

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If he is as smart as he thinks he is, even the smarmy president must know that to compete with the state private plans and insurers cannot offer services below their real cost for long. Private practitioners who sell their wares at a loss — are not "too big to fail," and have yet to slip between the sheets with the derriere doctor in chief — will be waylaid.

Conversely, because it enjoys a monopoly over force, the government is immune to bankruptcy. It covers its shortfalls by direct and indirect theft: by taxing the people, or injecting the country's financial arteries with deadly fiat currency.

Other than to indenture doctors, the overall effect of forcing professionals to provide health care below market prices will be to decrease the supply and quality of providers and products.

Obama's supporters dislike the socialism sobriquet, but socialized medicine by stealth is what we'll end up with. Moreover, and for the sake of semantic veracity, let us, at the very least, name the beast rising out of this sea of statism: the "public option" is really "tax-financed health care."

"Tax-financed health care" is a gulag for doctors and patients alike. "Minimum standard of care for all" is how the Association of American Physicians and Surgeons describes the mission of the Japanese "tax-financed health care." There, capped care is killing cancer patients, because they can see only one specialist who diagnoses and supervises treatment. "The average physician's income in Japan is about half as much as in the U.S."

"The consequent impossibility of centralized economic calculation means that central planners necessarily lack the knowledge needed for the efficient allocation of resources," explains Ronald Hamowy in *The Encyclopedia of Libertarianism*. "In a capitalist system, it is the rivalrous entrepreneurial activity of markets that generate prices. Such rivalrous entrepreneurial activity is, by definition, ruled out in a centrally planned [system]."

Immune to insolvency, government programs, funded indefinitely and coercively by taxpayers, squander rather than conserve precious resources, human and material.

(Column continues below)

If you think the misallocation of bailout billions has been criminal, wait until Obama's politburo of proctologists attempts to figure out how many Magnetic Resonance Imaging scanners to purchase for The Plan. Courtesy of bureaucratic calculus, the waiting time for an MRI scan in British Columbia, Canada, runs into weeks and even months; not ideal if you have a malignancy.

Yes, the hubris. Where the Union of Soviet Socialist Republics failed, the "United Socialist States of America" will prevail. Duly, B. Hussein insists that, "If we are smart, we should be able to design a system in which people still have choices of doctors and choices of plans that make sure that necessary treatment is provided but we don't have a huge amount of waste in the system."

The pit of perverse incentives Papa Obama is engineering includes leveling the insurance industry, which by definition must discern and discriminate between applicants based on their health status (largely under individual control). Under his benevolent rule, private insurers will be subjected to a host of new regulations, "including a requirement to insure all applicants and a prohibition on pricing premiums on the basis of risk," in the Cato Institute's Michael Tanner's rendering.

This means one thing: moral hazard. Writes libertarian economist Walter Block: "The greater the protection from the random expenses of sickness the greater the potential over-consumption of the item in question."

We currently labor under "a seeming patchwork of indemnity insurance arrangements, managed care, private payment and charity." Yet the fewer the intermediaries interfering with the primary, patient-doctor relationship, the better the patient's prognosis. The president's prescription for too little freedom, however, is even less of the same!

