

The Volokh Conspiracy

Challenging a False Dichotomy: Socialized Medicine is not the Only Alternative to the Individual Mandate

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(Ilya Somin)

Some defenders of the Obama health insurance mandate try to scare off opponents by claiming that if the mandate were repealed, the result will be a system of socialized medicine. Presumably, conservatives and libertarians oppose the latter even more than former. Such claims may have led conservative commentator Paul Rahe to argue recently that the individual mandate is even worse than socialized medicine, or at least worse than government-provided health insurance. I think Rahe is wrong. But the more important point is that this is actually a false dichotomy: there are many alternative health care reforms that are more market-friendly than either the mandate or socialized medicine, whether the latter takes the form of government-provided health care (as in Britain) or "single payer" health insurance (as in Canada).

Even before Obama, health care was the most heavily regulated and subsidized industry in the United States, and there is plenty of room for free market reforms that can drive down costs by increasing competition. Some of the possible options are described in an important book by Cato Institute health care scholars Michael Tanner and Michael Cannon. They include breaking the connection between health insurance and employment created by government favoritism for employer-linked plans, and allowing individuals to purchase insurance across state lines, which would make insurance more portable and increase competition between insurance providers. As University of Chicago economist John Cochrane points out, there are also free market reforms that could alleviate the problem of coverage for preexisting conditions - the issue that is often cited as a justification for the mandate. And that's just a small sample of the many available options. Many additional proposals are covered at John Goodman's blog, among other places (Goodman is one of the best-known free market-oriented health care economists).

Obviously, the range of policies that are politically feasible in the near future is a lot narrower than the range of theoretically possible options. Even so, at least some pro-market reforms are likely to be as much or more politically viable as socialized medicine. If liberals could not push the latter through when the left was riding high in 2009 and Democrats had overwhelming majorities in both houses of Congress, it is highly unlikely that they will enact it at any time in the foreseeable future.

To the extent that socialized medicine is politically feasible, it may well become more

rather than less so as a result of the individual mandate. Under the mandate, government must define the level of coverage that everyone is required to buy, including defining which medical conditions and treatments are included. This opens the door for constant lobbying by health care providers and other interest groups to ensure that their particular treatments are covered by the mandate. As more and more is mandated, the price of insurance goes up, and so too will political pressure for increasing government subsidies and government-provided insurance. Insurance costs have in fact gone up as a result of the Massachusetts "Romneycare" mandate that is the model for the federal reform.

Predicting the political future is a difficult business, so it's possible that my expectations are wrong. At this point, however, it seems at least as likely that the continuation of the mandate will make socialized medicine more probable than that the opposite will happen.

Finally, if getting rid of the individual mandate really will bring on the advent of socialized medicine, why don't any liberal activists and health care experts support it? There are plenty of left-wingers who would prefer socialized medicine to the Obama plan. If they think that the repeal of the latter would lead to the former, then they should form a coalition with Obamacare opponents on the right and work to get it repealed. A small number of liberals are in fact willing to get rid of the mandate, most notably Howard Dean. But even Dean doesn't claim that abolition of the mandate would lead to socialized medicine. He merely thinks that the mandate is a political liability for Democrats and that the Obama plan can work just as well without it. The extreme rarity of left-wing support for repeal of the mandate suggests that few liberals genuinely believe that getting rid of it is likely to lead to socialized medicine.

Obviously, none of this is directly relevant to the constitutional arguments against the mandate. It is logically possible that the mandate is both unconstitutional and the only politically feasible alternative to socialized medicine. But that scenario seems highly unlikely. The spectre of socialized medicine should not deter free market advocates from either pursuing the constitutional case against the mandate or trying to repeal it politically.

UPDATE: I should acknowledge co-blogger Jonathan Adler's September post making a similar argument.