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Health care bill woke a sleeping giant

By [Arnold Kling](#) 03/26/10 at 12:05 AM

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For many Americans, March 21, 2010, is a date that will live in infamy. Unlike Pearl Harbor or the September 11, 2001, attacks, which offended nearly all Americans, the health care legislation only angered a significant proportion of the population. However, those of us who are outraged are motivated to wage a long fight, and out aims go much further than rolling back this one bill.

The health care legislation represents a culmination of a sequence of unpopular major initiatives from Washington. First, there was Henry Paulson's massive transfer of wealth from the people most hurt by the financial crisis to some of the people most responsible for it. Next, came the massive, ill-conceived stimulus bill, which was not timely, targeted, or temporary but instead a pure power grab by Washington. Health care legislation is merely the latest straw.

The American people are watching their country being transformed from an exceptional, vibrant free economy to a broken European welfare state, and many of us do not like the direction of change. We may not know exactly what is in the health care legislation (does anyone?), but we know its intent to assert government authority over health insurance. We know that it creates a large entitlement, paid for in large part by unspecified future cuts in Medicare.

Thanks to the projected Medicare cuts, the Congressional Budget Office scores the health care legislation as deficit-reducing relative to current law. However, current law is unsustainable. Medicare spending will have to be cut in the future in order to avoid

national bankruptcy. By diverting projected Medicare cuts into a new entitlement, this legislation makes the impending budget crisis in Medicare loom sooner and deeper.

To provide an honest, realistic budget scoring of health care legislation, the law ought to be compared with a baseline for spending that does not bankrupt the country. Such a baseline would specify a much lower path of Medicare spending to begin with. Honest scoring would only treat future cuts in Medicare spending as a valid source for a new entitlement if Medicare had already been cut by enough to put it on a sustainable path.

The public probably does not understand this budgetary legerdemain, but their instinct is to distrust Congress. In this case, the populist instinct is valid, and the elitist contempt for ordinary citizens is quite unjustified.

In fact, I believe that the elites have so mistreated the American people that we should declare that a state of war exists between America and Washington. Our goals in this war must go well beyond the repeal of this year's health care legislation. Here is a list of additional goals that I would propose:

1. End the current bailouts and prevent future bailouts. Starting immediately, limit the Federal Reserve to holding only Treasury instruments. The Fed needs to go back to being a central bank, not a piggy bank.
2. Cut the pay of civilian Federal workers by 10 percent. The private sector is making painful adaptations to hard times. The government needs to start doing what any other organization would do when its revenues are down.
3. Restructure entitlements so that the future path of spending is sustainable. Congressman Paul Ryan's "road map" is an example of what an honest budget would look like. If Democrats would prefer higher taxes to such a road map, then those taxes should be explicitly budgeted, rather than pretending that the funds for future benefits are going to appear by magic.

The point here is that health care legislation was just one battle. The overall war is larger. After Pearl Harbor, Japanese Admiral Yamomoto is reported to have said, "I fear all we have done is to awaken a sleeping giant and fill him with a terrible resolve." So it should be with us today.

Arnold Kling is the author of "[Crisis of Abundance: Rethinking How We Pay for Health Care](#)," published by the Cato Institute.