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Driving the Conversation:

Is a health care "public option" the first step toward a government-run, single payer-type system? Or as President Obama suggested Tuesday in his New Hampshire town hall, can a public option coexist with private insurance, similar to the U.S. Postal Service and carriers like FedEx and UPS?

Live chat with William Galston of Brookings today at 12:30 EDT

August 12, 2009

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David Boaz, Executive VP, Cato Institute:

Of course a "public option" is a step (hardly the first) toward government-run health care. President Obama said yesterday, "I have not said I am a single-payer supporter." But in the past he has made it clear that he is in fact a supporter of single-payer health insurance, he just doesn't think you can get there in one step.

As my colleague Michael Tanner has written, it's hard to imagine that a government plan wouldn't be subsidized by taxpayers. It could keep its premiums artificially low because government agencies aren't forced to balance their books the way private entities must. As the government pours billions into "its" automobile companies -- which is certainly unfair to privately owned car makers -- do we really doubt that a government health insurance plan would get the same favorable treatment?

UPS and FedEx aren't allowed to compete directly with USPS. They can't announce that they'll deliver mail for a competitive price to every house. The "private express statutes" protect USPS from real competition. A better analogy is schools and universities. And there we see that private schools, which everyone agrees provide a better education, can only garner a 10 percent market share against "free" public schools. And in the past

century or less, we've gone from 80 percent of college students at private colleges to 80 percent at government-run colleges. It's very difficult to really compete with an agency that can dip into the taxpayers' pockets.

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