

# Matt Yglesias

Nov 1st, 2009 at 1:01 pm

## Socialized Candy

Jim Henley [catches the Obamas](#) throwing the free market out the window and just [offering handouts to kids](#) who show up at the door to beg. Horrible stuff.

Meanwhile, in Harvard economist and Cato Institute senior fellow Jeffrey Miron's dystopia, if your parents wind up with no money through bad luck or poor decision-making and then you get sick [you'll just die on the street for lack of money](#). And as he lays out, once you start with this insane value system you clearly reach the conclusion that the health reform ideas being contemplated by congress don't make sense.

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## 34 Responses to "Socialized Candy"

1. [StevenAttewell](#) Says:  
[November 1st, 2009 at 1:12 pm](#)

That article is all kinds of crazy.

*"Government should not subsidize health insurance — for the uninsured, the poor, the elderly or anyone else...If society wants everyone to have health insurance, the obvious approach is to give the poor enough money so that individuals can purchase on their own."* That's some fine doublethink.

*"...if left unregulated, private health insurers would deny coverage based on pre-existing conditions. Thus, some people might get no health insurance at all. This outcome is unlikely, however, assuming health insurance is unregulated. In that case, insurers would set higher premiums for the unhealthy, but they would cover anyone willing to pay a sufficiently high price."* Because there's no way to check if, right now when private insurers are not regulated from refusing people on pre-existing conditions, this happens.

2. [Kolohe](#) Says:  
[November 1st, 2009 at 1:32 pm](#)

*if your parents wind up with no money through bad luck or poor decision-making and then you get sick you'll just die on the street for lack of money.*

Doesn't SCHIP already prevent this Dickensian strawman? Wasn't that what the increase in the cigarette tax was for?

3. *Kolohe* Says:

[November 1st, 2009 at 1:37 pm](#)

And he certainly meandered through a lot a different and confusing points in that article, but his bottom line was:

A reasonable balance is for government to provide a social safety net that protects the poor and allows them to purchase some health insurance on their own. An alternative is to provide health insurance vouchers, but only to the poorest segment of society.

Which may or not be the best policy (and would certainly be a subject of disagreement with people in favor of single payer) but it is rather different than 'let them die in the streets'.

4. *roger* Says:

[November 1st, 2009 at 1:39 pm](#)

As I remember, SCHIP was vetoed by Bush for Cato-like reasons. SCHIP is part of Cato's dickensian nightmare, not a response to it.

But remember, CATO is an organization dedicated to neo-feudalism. Its influence resides solely in the fact that the oligarchy in the U.S. needs a propaganda outlet to encourage belief in neo-feudalism. If the oligarchy felt, oh, that everyone should play Dungeons and Dragons, a think tank would be set up for it in D.C., think tankers would write pro-Dungeons and Dragons editorials in the Washington Post, and the village would soon conclude that the centrist position includes vigorous support for Dungeons and Dragons. Rasmussen would supply the polls showing that over 40 percent of Americans self identify as Dungeons and Dragons players.

5. *Gmorbgmibgnikgnok* Says:

[November 1st, 2009 at 1:43 pm](#)

In addition, it is [socially counterproductive] for society to treat the differences in financial well-being due to health in the same way it treats differences due to IQ, athletic ability, **race**, country of origin, family background, and so on.

Sailerites don't mince words. I'll give them that much.

6. *StevenAttewell* Says:

[November 1st, 2009 at 1:51 pm](#)

Kolohe –

Except that he's against SCHIP, because it's the government subsidizing health insurance for poor people. Whereas giving people money to pay for health insurance is somehow totally different.

It's not so much die in the streets as it is completely contradictory.

And SCHIP was not terminated by Bush, merely the extension of SCHIP – and that extension was enacted under Obama earlier this year.

7. *Joel* Says:

[November 1st, 2009 at 2:04 pm](#)

Miron writes:

“Guaranteeing health insurance for everyone is too costly, and it means worse health care for everyone.”

Uh, no. Every industrialized nation on the planet except the US has universal coverage. In all other industrialized nations besides the US, per capita health care costs are \*lower\*. Most have as good or better health care outcomes than in the US.

Miron is simply lying, since he certainly knows the data don't support his assertion.

8. *roger* Says:

[November 1st, 2009 at 2:05 pm](#)

The really only interesting thing about this is the successful rhetorical maneuver of using the poor as the only group that the government can help. If the government helps the middle class, my god, it will be like the Soviet Union!

Now, in truth, the government helps the richest the most, then the middle class, and then the poor. There's no reason that the government shouldn't help the middle class – and so we have transportation, the mail system, medicare and state colleges and universities, among other things.

However, the middle class wants its help, and at the same time it likes the idea that is it never “helped” – rather, we are all individualists who got where we are completely on merit. Because this is such a pretty story, the neo-classical economists, libertarians and neo-libs love to use it to make the question of government “intervention” in the economy one about the rich and the poor – a beautiful tale, much like Cinderella.

It is of course a ridiculous tale. Since 1945, all levels of government have extended into the economy to do all kinds of services, and in the process have become the biggest employer in the economy – something like 21 million Americans work for the government. The private sphere has not, since the Great Depression, ever been able to keep more than 85 percent of the population employed – and at the moment they are down to something like 70 percent. Libertarians would fire those people, and produce the great downshifting of American salaries, so that we would, indeed, have the rich 1 percent and the poor at around 80 percent – like Mexico or Turkey.

However, they are never ever confronted on these simple economic facts. And we all simply swallow the garbage when economists talk about “full employment” and how government spending might cut into it, or whatever – when the image “full employment”, decomposed, means a mix of the government at 15 to 20 percent employment, the private sector at 75 percent to 80, and 5 percent unemployment. The vocabulary of mainstream economics in America has been designed to paper over the unpleasant fact that the U.S., like any developed country, is a mixed economy in which the middle depends, crucially, on the government “intervening” in the economy.

I imagine that if someone idly decided to sample the most libertarian group in public opinion polls, you would find many, many relatives working for the government. Libertarianism is a middle class neurosis.

9. *howard* Says:

[November 1st, 2009 at 2:13 pm](#)

i read as far as the notion that people are overusing the health-care system because they are insulated from costs.

this notion is so batshit insane as to render the rest of the article pointless: no one – i mean, no one – goes and has an operation because it's cheap.

no one.

the stupidity associated with this thought process is so transcendent that i can't understand how this man ever got a degree, much less the right to fill impressionable young scions of the ruling class at harvard yard with such drivel.

10. *Shmoe* Says:

[November 1st, 2009 at 2:15 pm](#)

Next thing you know, they'll be busing kids from the projects into gated communities so the can steal the rich kids' candy, goddamn commies!

But on slightly more serious note: don't you think trick-or-treating fits the bill of altruism incentivized by a social norm, and not socialism, as such? Granted, it is a very egalitarian charity, like bringing casseroles to a wake.

11. *Bottomfish* Says:

[November 1st, 2009 at 2:19 pm](#)

After reading Miron's article and then reading the comments here, I can only infer that a lot of people suffer from poor reading comprehension.

12. *pseudonymous in nc* Says:

[November 1st, 2009 at 2:22 pm](#)

As I said in an earlier thread, the wingnut welfare brigade at Cato has two options: shut the fuck up on healthcare, or be ignored and ridiculed as the trolls they are.

*the middle class wants its help, and at the same time it likes the idea that is it never "helped" – rather, we are all individualists who got where we are completely on merit.*

This is sorta relevant to the NY-23 election, where you have a Republican-lock district whose economy is now propped up by a large military base and federal waterway, but such spending is, to draw upon a [somewhat distasteful analogy](#), treated as the equivalent of becoming HIV-positive through a blood transfusion, as opposed to sexual activity or drug use.

Put simply, healthcare expenditures in the US impoverish the middle-class in a way not seen in other countries, either through the widespread slow burn of rising premiums and out-of-pocket costs, or the more sporadic inferno of bankruptcy-inducing medical bills.

The glibertarian argument that removing all regulation will somehow lead to a non-exploitative market equilibrium is just fantasy-land bullshit. You only have to look at the quackery that exists outside the remit of federal regulation (e.g. supplement sales) to get a sense of what kind of hucksters and grifters would be looking for a piece of that pie.

13. *tomemos* Says:

[November 1st, 2009 at 2:29 pm](#)

“Sailerites don't mince words. I'll give them that much.”

Are you kidding? Of course they do. Sure, they'll use the word “race” to *imply* that teh blacks are not and will never be as good as whites, but they never come out and say it. They'll just talk about what “everyone knows.” Have you seen what when people, here, say “Out with it, Sailer, what are you

really saying? What does ‘everyone know?’” It’s like trying to catch a greased pig.

14. *Bottomfish* Says:

[November 1st, 2009 at 2:31 pm](#)

I’m sorry for double-posting like this. But I had to express my gratitude to the people who are working so hard to confirm my thesis as stated at #11.

15. *pseudonymous in nc* Says:

[November 1st, 2009 at 2:38 pm](#)

*this notion is so batshit insane as to render the rest of the article pointless: no one – i mean, no one – goes and has an operation because it’s cheap.*

There is a smidgen of a point here: if you’re one of those people whose insurance premium never shows up on your paycheck, you don’t see how badly you’re being screwed over.

But watch the classic glibertarian bait-and-switch here:

Advocates for such compensation would suggest that it is basic fairness for society to insure people against the bad luck of being born with lousy genes. Many differences in health status, however, arise from behavior:

The “ha ha, sucks to be you” is very quickly drowned out by “look over there at the guy eating the Whopper!”

However, [as Daniel Davies noted a while back](#), pricing out those with “lousy genes” basically fucks over the long-term risk-pooling mathematics for insurance markets, and advances in testing create all sorts of actuarial problems for systems where buy-in is optional.

16. *pseudonymous in nc* Says:

[November 1st, 2009 at 2:39 pm](#)

*But I had to express my gratitude to the people who are working so hard to confirm my thesis as stated at #11.*

[golf clap]

You’ll either be proving your “thesis” or fucking off, now, right?

17. *Fred* Says:

[November 1st, 2009 at 3:47 pm](#)

Come on guys. He says very clearly:

“The conventional wisdom is that government should... subsidize health insurance for those who cannot afford it.

This confuses two issues: whether government should help the poor, and how government should help the poor. If society wants everyone to have health insurance, the obvious approach is to give the poor enough money so that individuals can purchase on their own.”

Instead of ignoring this argument, why don’t you try responding to it?

On another note, Howard writes: “i read as far as the notion that people are overusing the health-care system because they are insulated from costs.” The claim that people being “insulated from the costs of health care” is a big driver in health care costs is, far from being “batshit insane,” pretty much the consensus on this issue.

18. *bdbd* Says:

[November 1st, 2009 at 3:51 pm](#)

don't forget, it's trick OR treat. Obama cannot be trusted to stand up to foreign dictators and powermongers, since he can't even stand up to threats from children on Halloween.

19. *pseudonymous in nc* Says:

[November 1st, 2009 at 3:58 pm](#)

*This confuses two issues: whether government should help the poor, and how government should help the poor.*

This further confuses “healthcare” and “health insurance”. So you can ask whether “those who cannot afford [health insurance]” are “the poor”, as opposed to “the self-employed” or “the low-paid” or “the previously sick”, and whether “those who cannot afford [healthcare]” are “the poor” or, as is increasingly the case in the US, “the sick”.

20. *roger* Says:

[November 1st, 2009 at 4:19 pm](#)

Fred, you are kidding, right? You are saying that a better way of providing healthcare is to give people living from paycheck to paycheck money to buy private health insurance to be used some time in the future? That's cruel and stupid, under the concern troll guise of allowing them to make their choice. They aren't in a position to make a choice – precisely because they are living paycheck to paycheck.

There's no way this is superior to single payer insurance in which you have a robust public option set up as a government secured entity, able to use its countervailing powers to reduce medical costs across the board. That's because it would be grossly and supremely unfair to private insurance companies, and they'd just have to reduce their costs and premiums or fail.

And at that point we could change the laws to take away the regulation of insurance from the states, make it a federal activity, and allow insurance companies to operate freely across state lines.

A precedent for federalizing the regulation of all interstate corporations, too. Centralization and socialization – the wave of the future.

21. *howard* Says:

[November 1st, 2009 at 4:32 pm](#)

Fred, you completely miss the point. the fact that people do not see the direct costs of health care most of the time and are therefore unaware of the direct costs is certainly true: the idea that as a result, people overuse the health-care system is batshit insane.

after all: who do you know that voluntarily steps up for an operation just because insurance covers the costs? who do you know, for that matter, who gets sick just because the out-of-pocket is so low?

throughout the developed world, people are “insulated from the costs” of health-care, but american health-care is anywhere from 50 – 100% higher as a cost of gdp. surely that answers the question of

whether the high costs of health care in america are a function of overusing the system.

22. *Joel Says:*

[November 1st, 2009 at 4:38 pm](#)

“The claim that people being “insulated from the costs of health care” is a big driver in health care costs is, far from being “batshit insane,” pretty much the consensus on this issue.”

Uh, no. In every other industrialized nation on the planet besides the US, people are also “insulated from the costs of health care”. Yet per capita costs of health care in every other industrialized nation on the planet besides the US are lower than ours. And health care outcomes in every other industrialized nation on the planet are comparable to or superior to the US.

Smarter trolls, please.

23. *Joel Says:*

[November 1st, 2009 at 4:39 pm](#)

Sorry, Howard. I see you said much the same thing in your last paragraph.

24. *Realist Says:*

[November 1st, 2009 at 6:06 pm](#)

Why is Matt just lying about what Miron says? Miron’s argument is that we should subsidize the poor through cash transfers rather than direct payments. That seems preferable to me than a mandate which acts as a permanent corporate welfare to the insurance industry. Indeed, Matt talks all the time about how we consume too much healthcare and how employer subsidies are in part at fault for this, and those are precisely the kinds of problems that are solved by the cash transfer approach. There are definitely quibbles to me made with Miron’s ideas—I think some form of government-provided catastrophic insurance is necessary, for example—but it seems to me that the basic concept of using cash transfers rather than subsidies to alleviate social inequalities is entirely compatible with progressivism.

25. *Realist Says:*

[November 1st, 2009 at 6:19 pm](#)

And to those who think overconsumption has nothing to do with excess US spending on healthcare: Matt himself had a great post on this a few weeks ago: [Insurance is a small part of the problem. It is true that consumers are insulated from the costs of healthcare all over the industrialized world, but someone in power has control and incentive to keep costs down. That won’t happen when you simply subsidize and regulate the insurance industry without making any effort to control costs.](#)

[There are multiple good ways of solving the health care spending crisis—a good single-payer system which would be willing to negotiate harshly with providers would do it. So would a slightly modified version of Miron’s plan. These two ideas push on different ideological buttons but they seem more similar to me in effect than either is to the current plans in congress, because both would address the fundamental over-consumption problem.](#)

26. *pseudonymous in nc Says:*

[November 1st, 2009 at 6:28 pm](#)

*Miron’s argument is that we should subsidize the poor through cash transfers rather than direct payments.*

Uh huh. Miron's premise is:

1. Let the market determine the price of health insurance
2. Promise a certain group of people a wad of cash to cover that price.

Clearly, 2 doesn't affect 1 in the slightest. In fantasy land, that is.

And it doesn't even come close to addressing the point that "the poor" is verbiage, given that the better collective noun for those bilked for healthcare (or priced out of obtaining it) is "the sick". Like I said, Catoites have nothing but bullshit to offer here, and should either shut the fuck up or be ignored as trolls.

27. *Realist* Says:

[November 1st, 2009 at 6:58 pm](#)

26:

I don't think the sick are "bilked" for healthcare more than anyone else—healthcare really is expensive. Like I said, we would need some form of government-provided catastrophic insurance if we adapted Miron's plan. For the vast majority of people who are not catastrophically sick, however, the problem is affording good health insurance (or good health care), and a program of vast direct wealth redistribution seems to me a better way of solving this than direct subsidies encouraging overconsumption and corporate welfare.

As for whether redistributing wealth to the bottom would raise health insurance costs: this should occur only if health insurance companies have monopoly powers. I don't think this is the case in most markets—do you have evidence that it is?

28. *Kid Hill* Says:

[November 1st, 2009 at 7:49 pm](#)

*As for whether redistributing wealth to the bottom would raise health insurance costs: this should occur only if health insurance companies have monopoly powers. I don't think this is the case in most markets—do you have evidence that it is?*

I direct you to [this page](#). Key quote:

According to the American Medical Association, 94 percent of insurance markets in the United States are now highly concentrated, and insurers are thriving in the anti-competitive marketplace, raking in enormous profits and paying out huge CEO salaries.

The majority (58%) of my own state of California's health insurance industry is controlled by two companies, which I guess isn't technically a monopoly, but it's still ridiculously concentrated. Not surprisingly, the premiums in the state have doubled since 2000.

29. *Adam Villani* Says:

[November 1st, 2009 at 7:53 pm](#)

The problem is that for the system to work correctly, it needs to cover everybody. Hand people a wad of cash and sure, some of them will buy some kind of health insurance. This works for poor people, middle-class people, rich people, whatever. But a good number of them won't. But the system needs universal participation; otherwise you'll skew costs too much between the healthy and unhealthy, and those who think they're healthy until suddenly they're not healthy and the rest of us end up really

footing the bill.

Miron isn't really saying anything new. It all comes out of the Libertarian Economics 101 playbook, where the solution to every problem involves letting people do whatever they want with their money. The problem is that there is no Libertarian Econ 102 book, because once you start taking a look at what actually happens when you apply Libertarian Econ 101, you realize that Libertarianism is a sham.

30. *Gmorbgmibgnikgnok* Says:

[November 1st, 2009 at 8:14 pm](#)

From Miron's [CV](#), it is apparent that the li'l libertarian got his start at the publicly-funded University of Michigan, and has never held a job outside of the ivory tower.

I think that if you're going to be a professional libertarian, after getting your Ph.D., you first need to work as a stand-up comedian for ten years to finish developing your sense of irony.

31. *StevenAttewell* Says:

[November 1st, 2009 at 8:14 pm](#)

Regarding why we're "not taking Miron seriously," is that giving people health insurance by handing them a check and letting them buy it is subsidizing their health insurance by 100%, with the only difference being that you're giving people the option to defraud the government.

If there is no philosophical objection to the government making sure that people have health insurance, then it becomes a pragmatic argument about whether the public sector or the private sector is best at middle-manning the payment of insurance bills. And we know how that one works out.

32. *Realist* Says:

[November 1st, 2009 at 10:17 pm](#)

There are two basic problems with American healthcare right now. The first is that many people cannot afford sufficient insurance and therefore get denied the coverage they need when they get sick. The second is that as a society we pay vastly more than necessary for health care. I think either French-style single payer or a modified version of Miron's system could accomplish both these goals, while the bills in congress today will not.

Now maybe you think there's another problem, which is that some number of people will make a conscious choice not to purchase healthcare even though they can afford it, and if these people get sick we as a benevolent society cannot abandon them. I happen to disagree with this position: I think if someone is willing to take the risk of going without healthcare, or of smoking, or of eating fast food, or any of a large number of potentially self-destructive decisions, they should be allowed to do so. And it's not "defrauding the government" to make that choice, nor does it impose any extra cost on the rest of society as Adam @29 implies.

Regardless of your views on that issue, though, a society in which anyone who wants gets adequate coverage, and consumption is at par with the rest of the industrial world, would seem to be much better than the status quo.

33. *pseudonymous in nc* Says:

[November 1st, 2009 at 11:31 pm](#)

*I think if someone is willing to take the risk of going without healthcare, or of smoking, or of eating fast food, or any of a large number of potentially self-destructive decisions, they should be allowed to*

*do so.*

[Instructive link.](#)

Just for the sake of clarity: by “going without healthcare”, do you mean “choosing not to go to the doctor when it is in your personal best interest to do so, and the doing so would be affordable” or “not paying a monthly health insurance premium that carries no cast-iron guarantee of reimbursing the cost of medical treatment when needed”?

34. [Adam Villani](#) Says:

[November 2nd, 2009 at 3:04 am](#)

*nor does it impose any extra cost on the rest of society as Adam @29 implies.*

Right, because letting health problems (like infectious disease!) just linger around for awhile until they finally become unbearable costs the same as taking care of them early on when they were merely irritating. And most people are good judges of how much risk they're in, how much of a risk they are to their families and other people around them, and whether they can pay the full cost when things go wrong.

This is precisely what I was talking about — these ideas sound fun when you apply Libertarianism 101 principles to them, but they don't stand up to scrutiny in the real world.

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