



Let the Market Work, Government Won't

By Deborah D. Thornton

Baby boomers, those born between 1944 and 1964, want what they want, when they want it. They don't want to get old, or die, and will spend significant money to avoid aging and death. Surveys have reported this many times.¹ This approach is key to the healthcare debate. In this case, they are not interested in spending their money, but that of our children. Boomers are already retiring, and 78 million will sign up for Medicare and Social Security in the next few years. They are already stopping work, not paying taxes, and drawing out of the system instead of paying in. At current rates they will draw out much more than they have contributed.²

What boomers don't realize is that Social Security and Medicare are the biggest Ponzi schemes ever devised. Social Security currently has an un-funded liability of over \$100 trillion. This means the government has already promised over \$100 trillion more in payments than it expects to collect. This is over six times the size of the annual American economy.³ According to John Goodman of the National Center for Policy Analysis, a Ph.D. economist from Columbia and expert on health care, Medicare's promised spending is an additional six times more than Social Security. These numbers are before any increase in coverage.

His analysis shows that if Social Security and Medicare were shut down today – without all of those baby boomers drawing a dime – the government would still owe \$52 trillion to current recipients. This is money being paid to our parents, today. The current workers, us, will have to pay that amount, without any hope of receiving a penny in return. Sounds like a Ponzi scheme to me.

By 2012 one of every 10 tax dollars will go to Social Security and Medicare, as they are configured today. By 2020, it will be one of every 4 dollars, and by 2030 the number will be 1 of every 2 tax dollars.⁴ The Congressional Budget Office (CBO) estimates that based on these numbers a middle-income family will pay two-thirds of their income in taxes. This means our children will work for the government, not themselves. The CBO also reports that Senator Ted Kennedy's proposal will cost \$1.0-\$1.6 trillion over 10 years, and provides insurance for only one-third of the currently uninsured. Government programs will not solve the health care problem, the free-market might.

For example, according to Safeway grocery stores, they have kept their per capita health-care costs flat by recognizing that 70 percent of costs result from personal behaviors. The costs are clustered in four areas, making up 74 percent of the claims: cardiovascular disease, cancer, diabetes, and obesity.⁵ All of these are generally preventable by changing behaviors. The way to change behaviors is to increase their costs, as shown by increased taxes on and resulting reduced consumption of cigarettes. But Safeway reports that current law only allows them to reward

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non-smokers by \$312 per year, while smokers cost \$1,400.⁶ If those smokers were directly charged that \$1,400 – I bet they would cut back or stop smoking. This would be in the free-market, without government taxes or regulation. If you don't want to pay the cost, you can quit, or conversely smoke and pay the higher rate. Your decision, your choice, and your cost--not your neighbor's.

I, like President Obama, know how hard it is to give up a bad habit. But—government can't make people change bad habits through indirect taxes. It has to be a one-to-one correlation driven by the individual's own self-interest. If a person isn't financially responsible for the results of their smoking, eating, or drinking, they won't quit. When my father was diagnosed with lung cancer, he immediately quit smoking and survived another 10 years. This was a success story in anyone's book. Yes, it took time to pay off his medical bills. But it was no more than the money he had spent over the previous 45 years on cigarettes.

Canadians are currently seeing the problems with government care. As a result, in addition to crossing the border into the U.S. to receive timely and affordable care, private clinics are opening in Canada – at the rate of one a week, according to *The New York Times*. According to Canadian Dr. David Gratzler, the government is sending people to the United States for emergency treatment and provincial governments are moving toward public-private partnerships and away from strictly government providers.⁷

To those who say that the free-market doesn't work, I send you to the cosmetic surgery clinics. Many baby boomers frequent these clinics. Their insurance doesn't pay. They choose to look younger. The number of people getting treatments has increased by 5 or 6 times, while the costs have either gone down or remained stable. This is also true for elective laser vision surgery. As recently as 10 years ago, the cost was double what it is today. There is virtually no wait time and outstanding results.⁸ The free-market works, if it has the opportunity.

(Endnotes)

¹ John C. Goodman, "A Prescription for American Health Care," *Imprimis*, Hillsdale College, March 2009, p.1.

² *Ibid.*

³ *Ibid.*, p.2.

⁴ *Ibid.*

⁵ Kimberly A. Strassel, "Mr. Burd Goes to Washington," *The Wall Street Journal*, June 19, 2009 <<http://online.wsj.com/article/SB124536722522229323.html>> (July 7, 2009).

⁶ *Ibid.*

⁷ David Gratzler, "Canada's ObamaCare Precedent," *The Wall Street Journal*, Opinion, June 9, 2009.

⁸ John Stossel, "More health insurance isn't the cure," *Reason*, <<http://www.reason.com/news/show/134684.html>> (July 9, 2009).

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