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Democrats Play Brer Rabbit on Medicare **by Sheldon Richman**

Is it cynical to think that the Democrats are playing Brer Rabbit in begging not to be thrown into the briar patch called Republican reform of Medicare?

Maybe. But I'm tempted to think it nonetheless. Democrats such as Sen. Edward M. Kennedy complain that the Republican approach to Medicare in general and prescription-drug coverage in particular is the "first step toward a total dismantling of Medicare." Their gripe is that the just-passed bill subsidizes private companies ostensibly to provide competition for the traditional fee-for-service Medicare. We'll leave aside the fact that Medicare has been driving doctors into early retirement with price controls, suffocating bureaucracy, and threats of imprisonment for billing errors and other rule infractions. We'll also ignore that Medicare will soon be bankrupt and will require huge tax increases. In other words, Medicare is dismantling Medicare.

Here's why I believe the Democrats are cagey, not stupid. (Republicans are another story.) The Brer Rabbit Democrats cry to the Brer Fox Republicans, "Please don't give subsidies to private companies to encourage them to compete with traditional Medicare. That will destroy Medicare. Please don't do it!"

The first question to ask is, will it destroy Medicare? If by "Medicare" we mean government control of the medical care of retirees, the answer has to be No. There's only one thing that would destroy Medicare: freeing the taxpayers from having to pay for it. Does the Republican plan do that? No way! Under the plan just passed, the taxpayers are on the hook, at a minimum, for \$400 billion over the next decade (and probably more), with \$2 trillion more the decade after that. If that's taxpayer freedom, I'll take servitude.

The Democrats surely understand that control of the money is what counts. How that money is funneled to service providers is a matter of cosmetics. Kennedy's beloved Medicare, after all, pays money to private physicians and hospitals. If the formal status of the payees matters, why doesn't he call for an end to private practice and make all doctors government employees? He might like that, but he probably realizes it wouldn't make much difference.

A Democratic hero, John Maynard Keynes, understood this point. He once wrote, “It is not the ownership of instruments of production which it is important for the state to assume. If the state is able to determine the aggregate amount of resources devoted to augmenting the instruments and the basic rate of reward to those who can own them it will have accomplished all that is necessary.” Translation: he who controls the money controls everything.

The U.S. Supreme Court affirmed this view in 1941 when it said, in denying a participant in the farm program the freedom to grow more wheat than he was assigned, “It is hardly lack of due process for the Government to regulate that which it subsidizes.” Translation: if you take tax money you can’t complain about the conditions.

If the Democrats are as scheming as I think, they are aware that in America today the most efficient way for the government to run the medical-care system is for it to subsidize HMOs, hospitals, insurance companies, and even pharmaceutical companies. The controls won’t be far behind.

We only have to look at past instances of subsidies to see this principle in action. Indeed, Medicare itself is an example.

Then why do the Democrats make such a fuss? Politics, of course. They want to beat President Bush next year and regain control of Congress. So they accuse the GOP of selling out to special interests. (No special interests support the Democrats.) And they accuse the GOP of harming the elderly. It’s what Democrats do.

And the Republicans? They long ago made the welfare state their own. As one of their gray eminences, George Will, has written, “A prescription drug entitlement is not inherently unconservative, unless the welfare state itself is — and it isn’t.”

But to retain the party’s shrinking element that still abhors bald socialism, they have erected a façade of private enterprise and competition. Need it be pointed out that private enterprise tethered by subsidy is hardly worthy of the name?

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