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When Will the Health-Care Debate Start?

by Sheldon Richman

I'm waiting for the health-care debate to start. The preliminaries have been spirited and loud, but how about a debate?

You may think there's been a debate, but if you'd been listening carefully, you'd realize it's a fake, like professional wrestling.

To be of value a real debate requires fundamental disagreement. But this pseudo-debate is between one side, led by President Obama, that wants more government control than the large amount we already have, and another, the Republicans, that thinks we already have the right amount.

What kind of debate is that? The status quo is a health-care system dominated by government in every way. It's been like that for generations. So the alleged debate is more a spat between two sects of the Church of the Omniscient State. The only alternative to the statism we have — the free market — is nowhere to be found on the Official Table in Washington, D.C. No wonder. Politicians hate to see their power reduced.

You would perhaps be surprised to hear Obama described as a defender of the status quo. But as *Washington Post* economics columnist Robert Samuelson writes, "One of the bewildering ironies of the health-care debate is that President Obama claims to be attacking the status quo when he's actually embracing it. Ever since Congress created Medicare and Medicaid in 1965, health politics has followed a simple logic: Expand benefits and *talk about* controlling costs. That's the status quo, and Obama faithfully adheres to it."

The Republicans express dismay about how the new costs will be covered, but they also support expanded coverage, just not as fast or in quite the same way as the Democrats. For example, Obama's government-run insurance plan — the so-called public option — is too overtly statist for Republicans. They prefer more subtlety, such as targeted tax credits, so they can maintain their free-enterprise image. It's government tinkering by another name. You also don't hear Republicans talking about scaling back Medicare, much less abolishing it, though even

Obama had to acknowledge it's "socialized medicine." Indeed, they expanded Medicare under George W. Bush.

What's so insidious about the fake debate is the method by which the real debate is avoided. Most politicians talk as if the problems in the system were caused by too little, not too much, government. The insurance industry has come in for the harshest criticism. There's no need to take the free-market alternative seriously if you can convince the public that it has already failed.

But there is no free market in insurance. Every state in the Union is a protectionist fiefdom in which insurance companies enjoy government-granted monopoly privileges in return for complying with regulations. The key power is licensing, which limits the number of companies. Regulatory agencies dictate how the companies do business, including what services they must cover. In some states companies have to accept all comers regardless of health and can't set premiums according to risk. Federal law forbids you and me from buying policies offered in states that pile on fewer unwanted coverage mandates. Regulation and licensing deprive us of the innovative, lower-cost products that competition and entrepreneurship would generate.

This is why Obama's promise to create competitive markets with a public option and insurance exchanges is patently ridiculous. Government *prevents* competition. So why aren't the professed devotees of competition working to end the restrictions on freedom? Let's try real competition before we let the government start an insurance program that will be an incipient universal Medicare. After all, the original Medicare will soon bankrupt the government.

You don't hear the insurance companies saying that, because they love the shelter from competition and they favor the mandatory coverage. Why innovate to better serve customers if the government will compel people to buy their product?

It's the same with the pharmaceutical companies. They are licking their chops at the prospect of government's compelling everyone to have drug plan. It's a myth that big companies like free markets. They like the status quo, including most of Obama's plan.

Every bad thing about the health-care system is the government's doing. All the major participants are invested in the status quo. That's why there won't be a real debate.

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This article was originally published in August 2009.