

WHY HEALTHCARE IS BECOMING UNAFFORDABLE

By Ronnie Kennedy

In response to reports of mismanagement and exorbitant patient billing at a Louisiana hospital the local newspaper called for the establishment of socialized healthcare for all Americans. The editor declared, "Health care cannot function properly if profit is the bottom line." The editorial continued by calling for a "National Health Care System." While the editor admitted that they had no medical experts at the paper they none-the-less were quick to embrace a failed system of socialized healthcare that resulted in the nations of Eastern Europe having third world infant mortality rates. Perhaps in addition to admitting to not having medical experts at the paper the editors should have noted a lack of free market economic experts as well!

The central theme of the editorial in question was that certain cases of extreme bad accounting are occurring in some healthcare institutions and the resulting mismanagement is causing healthcare to become unaffordable for many people. In an example of "throwing the baby out with the bath water" the editor suggested that perhaps we should abandon the free enterprise system that is responsible for the greatest advances in health technology and science the world has seen and replace it with a government system based upon the ability of government to force once free individuals to comply with Federal health "insurance" mandates. There is no doubt that there are problems with America's current healthcare system but first we should understand what went wrong-how did the most advanced health care system in the world become economically challenged-is the problem too much free market or too much government?

Liberals and other socialists have established their political careers by turning the word "profit" into a pejorative. What they do not tell us is that without profits there would have never been any of the modern miracles of technology that we all take for granted. The reason that socialism failed in Europe (both National Socialism and Marxist socialism) is that it had no way to measure cost and therefore cannot determine profit. Without profit there is no way to rationally determine where to best allocate limited resources. Whether it is the socialism of Central Europe, socialism of the British Healthcare system or the socialism of Louisiana's Medicaid system-they all are doomed to ultimate failure. No doubt, as in the former Soviet Union, the state can for a while use force or threats of force to sustain its socialist system but in the end it is doomed to failure. But if socialism is not the answer then what is?

Today there is no true free market as it relates to healthcare. Government interference began during World War II when it established wage controls on "war" industry. To attract and retain a skilled work force these industries had to find ways to get around these government controls. Thus was born third party health insurance on a large scale in America. In the free market the consumer is sovereign but in a system of third party payers the consumer is no longer the one paying and therefore concern about price drops while demand for services increases. The insidious economic impact is slowly compounded generation over generation until all of a sudden we now have a "crises." And of course to resolve the crises that was originally initiated by government intervention in the free market we have legions of liberals and other socialists who are quick to offer more government interventions to resolve the very problem that government interventions is causing.

Liberals and socialists are quick to point to the rising costs of healthcare but they are reluctant to explain the other side of the equation-affordability. Why is it necessary in many cases for both parents to work just to "make ends meet?" Wage earners are making more take home pay but it just does not seem to go as far as it should. No one in our current liberal/socialist political order dare ask-why? Americans today carry a direct tax burden that would have caused our Founding Fathers to initiate a revolution-come to think of it they did! A conservative estimate is that around 30 to 40 percent of our wages are subjected to some form of direct taxation. If that is not bad enough another 10 to 20 percent can be added on for indirect taxation; inflation, unfunded mandates, higher prices due to businesses complying with government regulations etc. The major unspoken reason American workers can not afford healthcare is that government is confiscating too much of the worker's income via direct and indirect taxation!

No, Mr. Editor, the problem is not a failure of the free market-the fact that the free market can maintain itself under such heavy weight of taxation and government interventions is proof of its dynamic potential. The problem is too much government-yes no doubt many laws, rules, court edicts, were passed by well meaning people who wanted to "do good" but the positive results of their good intentions are never realized-and who pays-we the people pay. But be assured that those with close connections with government, favored special interest groups, big bankers, and large corporations will always have government to protect them-tax payers and consumers have no such guarantees. The editor was correct in questioning the alleged mismanagement of one particular healthcare institution, he/she was correct in pointing out the tragedy of sick people who cannot afford healthcare, but blaming healthcare providers and suggesting that we abandon the free market in favor of a failed system of socialism is absolutely incorrect.

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