

From the President: Lessons on Health Policy From Frédéric Bastiat

Alieta Eck, M.D.

A few months ago, during a presidential debate, Rep. Ron Paul (R-14-Texas) was asked which one book he would recommend that citizens read. It did not take much thought for him to name *The Law*, an essay written in 1845 by French economist and journalist Frédéric Bastiat.¹

In early 2012, on my five-hour flight from New Jersey to the AAPS Board meeting in Las Vegas, Nev., I read and re-read the 55-page classic. It became clear to me that understanding Bastiat's simple principles would provide great insights for us to understand where we have gone wrong on health policy in America.

America is the land of liberty, hailed by Bastiat as the best example of how a free people can live together in harmony. In his day, only slavery and protectionist tariffs marred our nation as examples of liberty denied. But if he could return today, he would be saddened by what has happened to freedom in the United States.

The Declaration of Independence states that the only purpose of the law is to protect life, liberty, and property. Yet legislators cannot resist wielding their power to deprive one group of citizens to benefit another group, while keeping some of the takings for the benefit of the state itself. And so government has gotten bigger.

At the time of Bastiat, medical care was primitive. Bloodletting was an oft-used therapy that sometimes hastened the patient's death. Charlatans in medicine trucks hawked tinctures and herbs to the gullible. Death was common, no matter what the intervention, and there was very little that could be done to prevent it.

Dr. Ignaz Semmelweis, a Hungarian physician, was derided by his colleagues when he suggested that hand washing between patients might lower the death rate in obstetrical clinics. Despite the fact that maternal death rates dropped from 35 percent to 1 percent when he instituted the cleaning of hands and instruments, physicians were offended by the suggestion that their hands were unclean. Semmelweis could not give a plausible explanation for his findings, and they were only proven and accepted decades later. He died an outcast in 1865.

Medical care has progressed since then, and the scientific method is increasingly used. Louis Pasteur, Joseph Lister, and Michael DeBakey are names we have come to revere, thankful that their minds were unfettered and their fellow physicians eager to progress in the care we could give to our patients. They did not need government oversight and intervention, but rather the coming together of medical professionals to start medical schools where learning could flourish and best practices developed and continuously changed. We stand on the shoulders of the fine physicians who came before us.

The questions are: How did the government become so involved in medical care? Is this a legitimate role of government? If

the proper role of the law is to protect life, liberty, and property, perversion of law does just the opposite.

An interesting observation is that there are two ways to accumulate wealth—one is to work and add value to property. The other is to seize and appropriate the productions of our fellow man. Since it is the natural bent of man to take the less burdensome route, if government does not restrain us, plunder becomes the norm. So laws are needed to use collective force against plunder. The problems arise when the government itself, empowered by the use of force, legalizes the plunder. And lawmakers can be involved in "naked greed," enriching themselves in the process of selling access to power.

Bastiat goes on to note that it is the nature of men to rise against the injustice of which they are victims. "Either they may wish to put an end to lawful plunder, or they may desire to take part in it."⁶

Another way in which government legalizes plunder is through "misconceived philanthropy." As Bastiat explains, "The delusion of the day is to enrich all classes at the expense of each other; it is to generalize plunder under the pretense of organizing it." ¹⁴ We use seductive names such as fraternity, solidarity, organization, and association, and those who protest are scornfully labeled "individualists."

Bastiat does not speak against natural voluntary organization, but against forced organization. He writes:

Socialism, like the old policy from which it emanates, confounds Government and society. And so, every time we object to a thing being done by Government, it concludes that we object to its being done at all. We object to a State religion—then we would have no religion at all. We object to an equality which is brought about by the State, then we are against equality, etc., etc. They might as well accuse us of wishing men not to eat, because we object to the cultivation of corn by the State.²³

Why has government gotten involved in medicine? False philanthropy comes from politicians assuming that without coercion, men will not be kind to those in need. Bastiat says: "Every one of these politicians does not hesitate to assume that he himself is, under the names of organizer, discoverer, legislator or founder, this will and hand, this universal initiative, this creative power whose sublime mission it is to gather together these scattered materials, that is, men into society."²³

The arrogance of politicians can be breathtaking: "Whilst mankind tends to evil, they incline to good; whilst mankind is advancing towards darkness, they are aspiring to enlightenment; whilst mankind is drawn towards vice, they are attracted by virtue

... that mankind itself tends toward degradation, and is only arrested in its tendency by the mysterious hand of the legislator.”^{p25}

But Bastiat asks the obvious question: “Since the natural tendencies of mankind are so bad that it is not safe to allow them liberty, how come it comes to pass that the tendencies of organizers are always good? Do they consider that they are composed of different materials from the rest of mankind?”

When we analyze the thinking that went into the establishment of the huge government health entitlement programs, Medicare and Medicaid, the rhetoric highlighted the plights of a few unfortunate souls and led us to believe that only the government could solve the social problems of the poor. The assumption was that freedom only causes us to become uncaring and that no inner motivation would suffice to move us to action. Bastiat asks:

Does it follow that if the law does not impose upon us forms of religion, modes of association, methods of education, rules for labor, direction for exchange, and plans for charity, we shall plunge headlong into atheism, isolation, ignorance, misery and greed? Does it follow that we shall no longer recognize the power and goodness of God; that we shall cease to associate together, to help each other, to love and assist our unfortunate brethren, to study the secrets of nature, and to aspire after perfection in our existence?^{p52}

So what has ensued? In 1960, Dr. Edward Annis predicted the heavy hand of government upon the medical profession once we allowed it to collect taxes from the people and administer a government program of medical insurance. Estimates of cost were exceeded tenfold, payroll taxes increased, payments for services decreased, and frustration continued to mount. While the happiest, most moral, and the most peaceable nations are those where the law intervenes the least, the nations with the greatest tax burdens and wealth redistribution have the greatest degree of misery. Freedom empowers while coercion discourages.

So what is the solution? The Medicaid system has become so bureaucratically top-heavy, and so ineffective in providing actual care for the poor, that it is clearly one of the most egregious examples of outright plunder of the taxpayer. Taking up one-third of the average state budget, it fails to provide adequate access to care for the poor and frustrates those who are expected to render the services. Puzzled and unhappy, those who oversee Medicaid never seem to question its premise—that government is the proper administrator of charity care. The government cannot provide medical care—it can only meddle, coerce, restrict, and underpay for the services it promises to the poor.

We need to heed the words of Bastiat to forge a new way. The final paragraph of his eloquent little book sheds light on the path we ought to take:

God has implanted in mankind also all that is necessary to enable it to accomplish its destinies. There is a providential social physiology, as well as a providential human physiology. The social organs are constituted so as to enable them to develop harmoniously in the grand air of liberty. Away, then, with quacks and organizers! Away with their rings, and their chains, and their hooks, and

their pincers! Away with their artificial methods! Away with their social laboratories, their governmental whims, their centralization, their tariffs, their universities, their State religions, their inflationary or monopolizing banks, their limitations, their restrictions, their moralizations, and their equalization by taxation! And now, after having vainly inflicted upon the social body so many systems, let them end when they ought to have begun—reject all systems, and try liberty—liberty, which is an act of faith in God and His work.^{p55}

In 2012, there is clear evidence that true charity has great advantages over the counterfeit charity derived from money extracted from taxpayers. It has been demonstrated that a non-government free clinic, manned by volunteer physicians, nurses, and support staff, can provide high quality compassionate care at a cost one-tenth that of a tax funded federally qualified health center. The Zarephath Health Center (www.zhcenter.org) sees patients at a cost of \$13 per patient visit while it costs \$150 per patient visit at a federally qualified health center in a nearby town. The first involves voluntary donations while the latter is funded 95 percent by the taxpayers. The first is true charity, while the latter amounts to legal plunder.

To heed the message of Bastiat, we would do well to roll back the clock to a time before legal plunder was widespread. Thomas DiLorenzo, senior faculty member at the Mises Institute, has said that “true charity does not begin with the robbery of taxation. It is hardly moral for a large gang (government) to legally rob one segment of the population, keep most of the loot, and share a little of it with various ‘needy’ individuals.”^{p viii} The Medicaid system is huge, taking up to one-third of the average state budget, and many think it is just too big to eliminate. The federal government sends half of the funds to each state, giving the false sense that money is emanating from a source other than the same taxpayers.

It is time to gradually replace Medicaid with a far superior model. Expand the network of non-government free clinics and encourage more professional participation. An innovative plan would be to ask physicians to donate time in such clinics with the state simply providing professional liability protection in their private practices.

End the billing, the CPT and ICD-9 (or ICD-10) codes for charity care, and the limitless paperwork. Eliminate the huge well-compensated Medicaid bureaucracy. Instead, harness the creativity and experience of Baby Boomers who are retiring at a rate of 10,000 per day. Give them the opportunity to lift the poor out of poverty by one-on-one voluntary, empowering human interactions.

The nation’s debt cannot continue to grow with its people remaining free. It is never too late to take the first step in the right direction.

Alieta Eck, M.D., practices internal medicine in Piscataway, NJ, and serves as president of AAPS.

REFERENCE

- 1 Bastiat F. *The Law*. Auburn, Ala.: Ludwig von Mises Institute; 2007.