

# Uncle Sam Goes to the Doctor

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To understand the dire condition of the nation and the absurdity of today's politics, imagine Uncle Sam going to the doctor.

Uncle Sam sat in the examining room waiting for the doctor to enter. Sticking out of the side of his head was a growth the size of a softball. The doctor entered the room holding a laptop computer, exchanged some pleasantries with Uncle Sam, and asked what was wrong.

"I've been feeling tired and sluggish and have a splitting headache," said Uncle Sam.

The doctor pecked away at his laptop instead of making eye contact, due to federal mandates requiring doctors to reduce examinations and diagnoses to a few computer codes selected out of thousands of codes, which were developed by hundreds of faceless and distant apparatchiks.

Peck, peck, peck.

The doctor then did a cursory examination, took some vitals, and asked the patient about his diet, sleep patterns, exercise, smoking, and drinking.

Peck, peck, peck.

"You have mild depression and anxiety," said the doctor. "I'm writing a prescription for Zoloft."

Peck, peck, peck.

Two months later, Uncle Sam died from the softball-sized tumor.

Absurd? Yes, but not any more absurd than the current widespread misdiagnosis of what ails America. Come to think of it, today's politics are more absurd.

The two presidential candidates, the two political parties, Congress, the media, and most of academia continue to overlook deadly tumors on the body politic, focusing instead on bad diagnoses and bad data regarding immigration, trade, and declining incomes.

Discussed below are the nation's diseases that will be fatal if left undiagnosed and untreated. "Fatal" doesn't mean that the nation will die and disappear. It means that the nation will cease to be a prosperous constitutional republic with liberty and opportunity for all.

## Transfer Payments

Transfer payments are monies taken from taxpayers for the benefit of their neighbors, or from younger generations for the benefit of older generations. The biggest transfer payments are various kinds of welfare and such entitlements as Social Security and Medicare—which, contrary to the conventional disinformation, are not funded entirely by the recipients over their working lives.

Transfer payments have been growing twice as fast as

per-capita income for the last 20 years. They now account for two-thirds of all federal spending. In 1960, they accounted for "only" one-third of all federal spending.

Transfer payments are a key reason why worker earnings have declined, but you won't hear this from the propaganda ministry of the government, from academia, or from media.

Half of American households now receive a transfer payment of some sort and are thus dependent on the government (actually, on their neighbors) for all or part of their income. The dependency ratio increases to more than 60 percent when public-sector workers plus private-sector workers who make a living from government regulations are included. And the ratio increases to more than 70 percent when phony capitalists and their millions of employees are thrown in the mix; that is, the corporatists and mercantilists who depend on government subsidies, protective tariffs, and rents.

This spending is not only unsustainable but also weakens the nation economically, which will eventually weaken it militarily. Unfortunately, the spending orgy seems unstoppable politically, given that we are way past the tipping point, with 70 percent of voters sitting on the dependency end of the political teeter-totter, and only 30 percent on the non-dependency end. Yet both political parties, especially Democrats, want to add more weight to the wrong side of the teeter-totter with various harebrained schemes, such as making college, medical care, and childcare more expensive by making them totally free.

## Discarding Millennia of Human Experience

The addiction to other people's money has become so pathological that Chicago Mayor Rahm Emmanuel wants community college to be free.

It can't get any more absurd than that.

Emmanuel runs a city with a permanent underclass because welfare payments made men unneeded, except as sperm donors, resulting in the fracturing of families and in fatherless young men becoming predators.<sup>1</sup> This in turn has resulted in the international embarrassment of thousands of shootings per year in Chicago alone. Lacking the courage and wisdom to address the root problem, Emmanuel instead proposes free community college, which will only result in community college becoming as dysfunctional as Chicago's public schools. Tellingly, his idea is not met with the ridicule, scorn, and derision it deserves.

*Homo sapiens* learned how to channel natural male aggression, physicality, and sexual urges into social norms that benefit women, children, and society as a whole. Sophisticated civilizations developed elaborate rituals and religious ceremonies for a man and a woman to stay together

and work together for the well-being of themselves and their offspring. Those that didn't, did not survive.

All of that learning was discarded with the advent of the welfare state nearly a half-century ago. As New York's Sen. Daniel Patrick Moynihan warned at the time, welfare without corresponding responsibilities and standards of behavior is a prescription for social pathologies.

Anyone with common sense knows this, especially Democrat Party Pooh-Bahs, and especially the female Pooh-Bahs of the Party, who are very careful in selecting mates—mates who will help to raise their offspring to be responsible, civilized, successful members of society. Yet they inflict the opposite on welfare recipients, especially black recipients. This is immoral, unjust, shameful, and possibly racist.

The fix for this problem is known to everyone with a pulsating temple, but it would take political courage to implement it. The fix is to link welfare to proper social behavior and to work—and just as important, to deny benefits to those who behave anti-socially and refuse to work if they are capable of working. It's as simple and difficult as that. It's also the humane alternative.

During the transition, there certainly would be considerable hardship, horror stories about kids going unfed, and possible social unrest. But these problems would be temporary and would be less harmful than the never-ending killings, incarcerations, and broken families of the status quo.

Those who say that the underclass is incapable of making such a transition to personal responsibility and work have porridge for brains. Millions of poor, uneducated people throughout history have made a similar transition, out of desperation and hunger, even migrating en masse when necessary. Southern blacks did it when they migrated to the North for work, the Irish and other nationalities did it when they immigrated to America, the unemployed did it when they worked for the WPA and other agencies during the Great Depression, and Mexicans and Guatemalans do it today when they make a harrowing journey to find work in the United States.

## Declining Incomes

The conventional wisdom says that personal incomes began declining this century, but that conclusion is based on an incomplete diagnosis. The fact is that the decline is nothing new. Personal incomes have been stagnant or declining since 1970. For example, wages of production workers were about \$22 per hour in 1973, in inflation-adjusted dollars. Today, they are \$19.75.

There are many reasons for the decline, including:

- Supply and demand: Starting in the 1970s, women began entering the workforce in much higher numbers than previously. Later, illegal immigrants began entering the workforce by the millions. Generally, unless economic growth can keep pace, an influx of workers will decrease wages.
- Loss of the post-war competitive advantage: The industrialized world, much of which had been devastated by the Second World War, had been largely rebuilt by 1970 with state-of-the-art plants. Many of our plants, including automobile factories and steel mills, had fallen into disrepair.

- Closing the gold window: In 1971, the U.S. severed all links of the dollar to gold, making it easier for the Federal Reserve, working in collusion with the U.S. Treasury, working in collusion with Congress and the Executive Branch, to create money and credit out of thin air. This enabled the government to run huge deficits to pay for transfer payments and wars. This in turn grew the financial industry at the expense of other industries. The best and brightest got MBA degrees instead of engineering and science degrees, and went into banking and finance instead of manufacturing and research and development.
- Monetary manipulation such as “quantitative easing”: The Federal Reserve began engaging in discredited Keynesian attempts to increase aggregate demand, which is in itself a discredited economic concept. This has resulted in booms and busts in asset prices (e.g., houses and stocks), has robbed savers while enriching arbitrageurs and the wealthy, and has accelerated the hollowing out of Main Street.
- Zero interest rate policy: This Federal Reserve policy has made corporate debt cheap, which has caused corporations to buy back their stock with debt in order to juice earnings per share (and executive incentive stock options). They've done this at the expense of investment in plant, equipment, and research and development. Note that to date, no Federal Reserve chairman has been sentenced to prison for egregious crimes against society. Interestingly, one of the most prominent policymakers, Alan Greenspan, is married to former NBC news correspondent (aka propaganda correspondent) Andrea Mitchell. This is a glaring example of the sordid intercourse between government and media in the Imperial City of Washington. They all go to the same cocktail parties, where they laugh at the rubes in the heartland.
- Ballooning of the regulatory state: The regulatory state has grown in lockstep with the ballooning of transfer payments and taxes. In addition to spawning regulations, it has spawned thousands of regulatory apparatchiks in government, as well as millions of well-educated, highly-paid regulatory experts and compliance managers and consultants in private industry. At the same time, the regulations have become a hidden tax on everyone else. Moreover, as labor laws and regulations have driven up the cost of employing labor, companies have employed machines and technology to replace labor.
- Replacing cash compensation with benefits: More and more of cash compensation has been replaced over the years by non-cash compensation in the form of employee benefits and employer-paid FICA taxes. For example, as of 1997, employers were spending 12% of total revenues on employee benefits and FICA taxes, versus 4.4% in the 1950s. In 1997, the average cost came to \$15,000 per worker.<sup>2</sup> Undoubtedly, the cost has increased significantly since then. No wonder paychecks have become smaller. (The propaganda ministry does not count non-cash employee benefits in its reporting of income.)

What can be done to raise income? The answer is simple: Stop those causes of declining income that can be stopped. Overcoming the political obstacles is not so easy.

## K-12 Public Education

There are two fundamental problems with American public education, one philosophical, and the other practical.

The philosophical problem is that the government shouldn't have a near-monopoly, in a supposed nation of liberty and free speech, over what goes into the heads of children for 12 years. Naturally, government teachers and administrators will have a statist view of government and a self-interest in higher education spending. Moreover, innovation, accountability, and cost-consciousness are not hallmarks of government bureaucracies.

The practical problem is that the nation is too large and diverse for one-size-fits-all education policies to be driven increasingly by Washington and by powerful teacher unions. Centrally driven reforms can work in a tiny and homogenous nation like South Korea, where students study extremely long hours to meet rigorous state standards; or in Norway, another tiny and homogenous nation, where the state totally reformed colleges of education with tough admission requirements and curricula, and then raised the pay of teachers to match the improved teacher force. Or consider the larger nation of Germany, which correctly concluded long ago that not every student has the intellect to go on to college—that some are better suited for a rewarding career in the trades or as technicians.

Such reforms are not politically possible in the U.S. That leaves vouchers and different funding mechanisms as the only rays of hope in breaking up the government monopoly.

## Conclusion

Now imagine a vignette different from our opening picture. Imagine Uncle Sam going to an old-fashioned doctor who isn't distracted with a laptop computer and government treatment codes—a doctor who does a thorough examination, treats the patient as a unique human being, and comes up with a complete diagnosis of what ails him, similar to the foregoing.

Such a diagnosis might save Uncle Sam's life.

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## REFERENCES

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2. Cantoni CJ. Manager's journal: the case against employee benefits. *Wall St J*, Aug 18, 1997:A14.

# AAPS PRINCIPLES OF MEDICAL POLICY

**Medical care is a professional service, not a right.** Rights (as to life, liberty, and property) may be defended by force, if necessary. Professional services are subject to economic laws, such as supply and demand, and are not properly procured by force.

**Physicians are professionals.** Professionals are agents of their patients or clients, not of corporations, government, insurers, or other entities. Professionals act according to their own best judgment, not government "guidelines," which soon become mandates. Physicians' decisions and procedures cannot be dictated by overseers without destroying their professionalism.

**Third-party payment introduces conflicts of interest.** Physicians are best paid directly by the recipients of their services. The insurer's contract should be only with subscribers, not with physicians. Patients should pay their physician a mutually agreed-upon fee; the insurer should reimburse the subscriber according to the terms of the contract.

**Government regulations reduce access to care.** Barriers to market entry, and regulations that impose costs and burdens on the provision of care need to be greatly reduced. Examples include insurance mandates, certificate of need, translation requirements, CLIA regulation of physician office laboratories, HIPAA requirements, FDA restrictions on freedom of speech and physicians' judgment, etc.

**Honest, publicly accessible pricing and accounting ("transparency") is essential to controlling costs and optimizing access.** Government and other third-party payment or price-

fixing obscures the true value of a service, which can only be determined by a buyer's willingness to pay. The resulting misallocation of resources creates both waste and unavailability of services.

**Confidentiality is essential to good medical care.** Trust is the foundation of the patient-physician relationship. Patient confidences should be preserved; information should be released only upon patient informed consent, with rare exceptions determined by law and related to credible immediate threats to the safety or health of others.

**Physicians should be treated fairly in licensure, peer review, and other proceedings.** Physicians should not fear loss of their livelihood or burdensome legal expenses because of baseless accusations, competitors' malice, hospitals' attempts to silence dissent, or refusal to violate their consciences. They should be accorded both procedural and substantive due process. They do not lose the basic rights enjoyed by Americans simply because of their vocation.

**Medical insurance should be voluntary.** While everyone has the responsibility to pay for goods and services he uses, insurance is not the only or best way to finance medical care. It greatly increases costs and expenditures. The right to decline to buy a product is the ultimate and necessary protection against low quality, overpriced offerings by monopolistic providers.

**Coverage is not care.** Health plans deny payment and ration care. Their promises are often broken. The only reliable protection against serious shortages and deterioration of quality is the right of patients to use their own money to buy the care of their choice.