



Written by [William P. Hoar](#) on April 8, 2019

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Correction, Please!

We Can't Afford More "Free" Socialist Schemes

Item: *"Denouncing the profit motive in health care, more than 100 House Democrats rallied on Wednesday around a bill to replace most private health insurance with a national single-payer system, 'Medicare for all,'" reported the New York Times in its print edition on February 28.*



The paper noted that supporters of the bill, "under which health care would be available to all Americans without premiums, co-payments, deductibles or 'similar charges,' did not say how much it would cost or how they would pay for it. They said their proposal could save huge sums by cutting administrative costs and the bill-paying bureaucracy that works for insurance companies and health care providers."

Item: *"Democrats are lining up to find ways to tax the rich," pointed out the London-based Economist for February 2-8. For example, Massachusetts Senator Elizabeth Warren, who wants President Trump's job, "has called for an annual levy of 2% on wealth above \$50m and of 3% on wealth above \$1bn. Alexandria Ocasio-Cortez, a prominent new left-wing congresswoman [from New York], has floated a top tax rate of 70% on the highest incomes."*

Item: *A number of "ambitious government-led" projects favored by the Democrats — including guaranteed jobs and the Green New Deal — were also promoted in Bloomberg Businessweek for February 11. It dismissed concerns about costs by citing the "Modern Monetary Theory," which is enthusiastic about "government borrowing its own currency." Advocates say that the United States "can run deficits without having to worry about going bust, because it creates the dollars in the first place."*

Item: *"Sen. Bernie Sanders is raising the stakes of the 'Medicare for All' debate by expanding his proposal to include long-term care," reported the Associated Press, in an updated piece on March 9.*

Correction: One wonders if even Lenin could get to the left of "democratic socialist" Sanders.

We are being told that "Medicare for All" (or MFA) is popular with the public. Yet, that term (as even proponents admit) has a very broad meaning — with some seeing that as "single-payer" healthcare, while others imagine that it would just allow some Americans to buy into Medicare or Medicaid.

The devil is in the details. Gallup has also found that 70 percent of Americans with private insurance rate their coverage as "excellent" or "good." Merely 13 percent of those polled think private insurance should be eliminated — though that is what Sanders-style MFA would require.

California Democrat Senator (and presidential hopeful) Kamala Harris proposed deep-sixing the insurance of the 180 million or so Americans covered through an employer. She awkwardly tried to backtrack after taking flak.



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When such facts become known, the popularity of MFA drops by almost 50 percentage points. According to Emory University Professor Ken Thorpe, a former advisor to President Clinton, the most recent Sanders MFA plan would hit hard if it were fully funded. A Senate version, Thorpe calculated, would require an additional 14.3 percent payroll tax and a 5.7 percent income-related premium.

Sanders is still going full bore. The Vermont socialist, as we write, added his long-term care provision. As James Freeman of the *Wall Street Journal* put it:

The original Sanders “Medicare for All” plan would end all private health insurance as well as government programs like Medicare and replace them with a new government medical system. Now on top of that Mr. San-ders wants to extend coverage beyond strictly medical services.

Indeed it does that. As the AP reported: “People of any age could qualify if illness, injury or age limit their ability to perform at least one ‘activity of daily living,’ such as bathing or dressing, or one or more ‘instrumental activities of daily living,’ such as managing money or taking prescribed medications. There would be no income or assets tests to qualify, and no copays or deductibles.”

Sanders’ long-term care plan could make the Vermonter, in Freeman’s words, “the \$100 trillion man in terms of the amount of other people’s money he’s willing to commit to his agenda.”

These days, the Democrat candidates vying to lead the United States boast about how dependent they can make Americans of the federal government.

“Progressive” supporters of Modern Monetary Theory (or MMT), such as Congresswoman Alexandria Ocasio-Cortez (AOC), who leads the push for a top tax rate of 70 percent, don’t worry about the costs of their ruses. As noted in the “Market Watch” website, MMT advocates contend that the government’s ability to borrow is restrained only by inflation. No inflation? No problem to pay for universal health care, universal basic income and a Green New Deal.

Even big spender Larry Summers balks at that. He’s not much of a “moderate”: Summers was Bill Clinton’s Treasury Secretary and directed Barack Obama’s National Economic Council. In early March, he notably blasted MMT proponents (in the *Washington Post*) for boosting “voodoo economics.”

The Tax Foundation, reviewing AOC’s 70-percent rate plan, concluded that one version would even *lose* the federal government \$63.5 billion between 2019 and 2028. That means little to AOC, who has said that it is “immoral” that we have a “system that allows billionaires to exist.”

Then there is Elizabeth Warren, an MFA backer who also wants to impose an unconstitutional tax on the “assets” (not just income) of rich Americans. If you choose to trust her, this, she says, is only aimed at the 75,000 wealthiest families, less than 0.1 percent of American households.

But remember, when the federal income tax began, it started small. In eight years the highest effective tax rate went from seven percent to 77 percent.

Not even her backers believe that her wealth tax would pay for what she and her fellow Democrats want (including universal pre-kindergarten, about \$1 trillion for federal infrastructure, and forgiving student loans).

These days the most extortionate rate, to the benefit of the nation, is considerably lower, though as the Tax Foundation has pointed out (using IRS figures): “In 2016, the top 1 percent of taxpayers paid about 37 percent of federal income taxes, more than twelve times the tax burden of the bottom half of



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taxpayers.”

Not enough, say rapacious “progressives.” Insatiable progressive leaders (as has been noted by, among others, economics Professor Kevin Cochrane) seem more concerned with punishing the successful than paying for government services. As Cochrane put it in the *Washington Times*:

Rather than taxing income, Sen. Elizabeth Warren of Massachusetts has proposed a wealth tax. Her proposal is to tax away 2 percent of individuals’ net worth in excess of \$50 million. Imagine the survey necessary to tabulate and value everyone’s assets.... How the IRS would manage the task is beyond unfathomable. That’s why most countries that historically have attempted wealth taxes have abandoned them.

Worse, for all the pain, there would not be much of a windfall. Even if Warren were to seize the entire net worth of the top 1 percent, observed Cochrane, “the math works out to about an extra \$400 — yes, four hundred — dollars per household. One time.”

It turns out that you can kill the goose the lays the golden egg. Once.

Nonetheless, that seems to be the ultimate goal. Tiana Lowe, a commentator for the *Washington Examiner*, has rightly observed that the “effects of Medicare For All would reverberate across the country.” The United States, she wrote in February, has

4.4 percent of the world’s population, yet we produce 44 percent of the world’s medical research and development. This is not a coincidence. Of the \$171.8 billion we spend on R&D, the federal government contributes just one-fifth, with private industry footing the overwhelming majority of the bill.

Eradicating the current system, using its perceived faults as a pretext, would be ruinous.

Yet, the most radical proposals and their rabid pushers may not pose the more realistic dangers. They could, however, serve as stalking horses for seemingly less extreme measures — a phenomenon that, in part, produced the expansionist Obama-Care (which was viewed as less drastic than a “single-payer” system).

Pragmatic socialists, so-called moderates, would still kill the golden goose, but the death throes would last longer.

— William P. Hoar

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