

Better Health Care? No, Just More Expensive.

“We need to pass the bill so you can find out what’s in it,” Nancy Pelosi said of the massive health care legislation the president signed in March. Cato Institute senior fellow Michael Tanner has found out what Obamacare includes and, in **“Bad Medicine: A Guide to the Real Costs and Consequences of the New Health Care Law”** (White Paper), he exposes the troubling details. The law will increase the number of insured Americans, but by 2019, roughly 21 million will still lack insurance. ObamaCare will cost more than \$2.7 trillion over the next 10 years while adding \$352 billion to the national debt—and do nothing to control health care costs. Not only will premiums continue to rise, but so will taxes, by more than \$669 billion by 2019. Fortunately, the fear of rationing looks misplaced,



but it may quickly return, as the government looks for ways to cut costs. Finally, the bill breaks President Obama’s pledge that those who like their current insurance will get to keep it. Millions of Americans, Tanner finds, will be forced to change plans or switch to Medicaid. “There will be time to repeal or at least make significant changes to the legislation before most of it takes effect,” Tanner writes. “If not, this legislation will be very bad news for American taxpayers, businesses, health care providers, and patients.”

Understanding Darfur

The devastating war in Darfur produced a flood of sympathy and activism from the West. But it is also a deeply misunderstood war, with analysts often oversimplifying its causes and overestimating its violence, writes Marc Gustafson, a Marshall Scholar and doctoral candidate at the University of Oxford, in **“Rethinking Darfur”** (Foreign Policy Briefing no. 89). The media and activists routinely select from the highest of estimates when presenting data on the con-

flict—and they largely ignore the decline in violence occurring in the last several years. They also fail to disclose that most of the deaths in the war in Darfur are the result not of direct violence but of disease and malnutrition. While activists often place the number of casualties from violence at 400,000, the actual number is closer to 60,000. This distorted picture of both the details of the conflict and the scope of the violence has led to a misallocation of resources by policymakers, with a greater emphasis placed on peacekeeping operations and less on the humanitarian aid needed to prevent the bulk of the deaths. In addition, it has drawn attention away from larger and more damaging conflicts elsewhere in the world. “Despite activists’ good intentions,” Gustafson writes, “these costs are real, and should be added to the ledger we use when measuring the impact of political activism on the Darfur issue.”

Where Freedom Is the Coin of the Realm

In Cuba’s socialist society, with state pater-

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nalism replacing the market, the only currency for procuring life's necessities and luxuries is individual freedom. "Everything had to be paid for twice," writes Yoani Sánchez, an independent Cuban blogger, in "Freedom and Exchange in Communist Cuba" (Development Policy Briefing Paper



no. 5). "Once in real money at a subsidized price, and again with freedom, whether offered sincerely or not." This constant relinquishing of liberty failed to bring about the socialist utopia promised by Cuba's revolutionaries, resulting instead in a dystopia where "mediocrity began to be called modesty, while self-confidence was branded as arrogance." But the goods bought in exchange for freedom were largely the government's to give because of a constant inflow of Soviet subsidies. When the Soviet Union collapsed, these subsidies did as well, and the Cuban government was forced to buy time with limited and short-lived reforms—which in turn vanished with the rise to power of Hugo Chávez and Venezuela's financial support. Sánchez tells of the nascent Cuban resistance movement of pro-freedom "cyber-dissidents" who use the Internet to organize and spread their message to a still-cowering populace. As the Venezuelan well dries up, Sánchez writes, Cuba is facing a choice to either "fall into

the hands of another moneylender, or to stop, once and for all, handling freedom as if it were money."

Congress Shall Make No Law...

Reaction to the Supreme Court's decision in *Citizens United v. Federal Election Commission* was swift and severe. President Obama, during his State of the Union address, condemned the Court's upholding of First Amendment protection for union and corporate political speech, while Congress began moving to legislatively "fix" the Court's error. Sen. Charles Schumer (D-NY) and Rep. Chris Van Hollen (D-MD) introduced their response to *Citizens United*, the DISCLOSE Act. John Samples, director of the Center for Representative Government at the Cato Institute, takes aim at that bill in "The DISCLOSE Act, Deliberation, and the First Amendment" (Policy Analysis no. 664). He shows how it is both counterproductive and, in some provisions, unconstitutional. DISCLOSE would mandate cumbersome disclosure requirements for political speech, which "hardly encourages rational voting," Samples argues. Instead, "it directs attention away from the content of an ad and toward the source of funding for the message." Because these requirements pertain to businesses and unions, which are both unpopular groups among many Americans, "disclosure may be little more than an acceptance of popular prejudice" that "fosters a political rather than a rational vote." "Voters require free speech to hear arguments, reach

conclusions, and cast a rational ballot," Samples writes. "Congress has no power to decide that corporate speech is of no value to voters."

Beware of Foreign Entanglements

For 65 years, the United States has sent its soldiers to keep the peace on the Korean peninsula, protecting the Republic of Korea from the communist Democratic People's Republic of Korea to the north. In "The U.S.-South Korea Alliance: Outdated, Unnecessary, and Dangerous" (Foreign Policy Briefing no. 90), Cato Institute senior fellow Doug Bandow argues that it's time to bring the relationship to an end. "After 65 years of dependence on the United States," Bandow writes, "the South Korean people should take over responsibility for their own defense." This mutual defense treaty is mutual in name only, with the United States gaining little and giving up a great deal. Americans are borrowing money to pay to defend the South so South Koreans can spend their money on other priorities." Bandow sees the sinking of the South Korean ship, the *Cheonan*, by North Korea as a "worrisome change in strategy," one that indicates that the North may be willing to militarily engage the South. Such a conflict would draw the U.S. into a war it cannot afford. "Once the current crisis passes," Bandow writes, "the Mutual Defense Treaty should be terminated and the U.S. forces should be withdrawn."

Restoring Global Financial Stability

The Fall 2010 edition of *Cato Journal* continues the prior issue's theme of restoring global financial stability. The essays contrast the current discretionary government fiat money regime with alternatives designed to improve global financial stability.

Lawrence H. White, in "The Rule of Law or the Rule of Central Bankers?" argues that we must not make the Federal Reserve more independent but, rather, we must limit its discretion. In "Privatizing Money," Leland B. Yeager shows how the dollar should be defined by a broad set of goods and services, with private issued notes freely convertible into this new, standard unit. In "Alternatives to the Fed?," Bennett T. McCallum argues that a system of privatized money would function well, but only if the underlying legal structure provided the right incentives.

George Selgin advocates a shift to free banking in "The Futility of Central Banking," which would result in monetary and financial harmony. Richard Rahn endorses a global currency but warns that it should not take the form of IMF special drawing rights. In "A Constant Unit of Account," he offers the alternative of a bundle of major currencies. Also included are articles from Luigi Zingales, Miranda Xafa, Swaminathan S. Anklesaria Aiyar, Judy Shelton, and James Grant.

The issue concludes with reviews of new books by Laurence J. Kotlikoff, Robert H. Nelson, and Matt Ridley.

