

A rat race by any other name still involves rats seeking advantage

« Phoning It In | Main | Great News »

DECEMBER 08, 2003

FREE MARKETS 101

Marxicon Economics
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Public speaking and writing a newspaper column on public policy issues have introduced me to a new branch of economics: Marxicon economics. It is a bizarre combination of Marxism and free-market capitalism that is embraced by a large number of conservatives.

A case in point:

I recently shared the dais at a meeting of conservatives with British historian David Irving, who has been both praised and vilified for his books on the Second World War and the Holocaust. He spoke about his books, and I spoke about the new Medicare bill.

Both of us had a similar sub-theme: that governments, including democracies, engage in propaganda to further the interests of those in power. My example was Health Savings Accounts, which Republicans are touting as a free-market provision in the new Medicare bill.

To show why it is not a free-market provision, I read excerpts from the 676-page bill, a bill that probably few members of Congress or journalists have read in its entirety. Written in a stultifying bureauclese that will keep judges, lawyers, tax attorneys, accountants, lobbyists, benefits consultants, financial advisors and government bureaucrats fully employed for decades, the bill is replete with wage and price controls, onerous reporting requirements, special considerations for favored political groups, and handouts for large corporations. It is the antithesis of a free market.

Worse, in a propaganda ploy, the bill pretends to be giving taxpayers something when in actually it continues the government's practice of taking much more away than it

gives. For instance, Health Saving Accounts will let Americans save money on a tax-free basis for health care expenses, after paying tributes to accountants, benefit consultants and others to interpret the legislation, which has more red tape than a manufacturer of Christmas ribbons.

But here is the rub: None of this would be necessary if the government did not tax retirement savings at all. The government is not being munificent by allowing us to save a portion of our savings on a tax-free basis through Health Savings Accounts, Medical Savings Accounts, 401(k) plans, SERPs, SIIPs, Flexible Spending Accounts, Rabbi trusts and various other mutations of the tax code. It is being confiscatory by taxing our income and then taxing the investment returns on what we save for retirement out of the balance. Contrary to what most Americans and the ignorant media believe, letting us keep a little of OUR money from the tax collector is not munificence.

Anyway, during the question-and-answer period at the end of Irving's and my remarks, a conservative in the audience asked the kind of question that I have learned to expect from conservative audiences: "Craig, what do you propose that we do about the obscene profits of drug companies?"

Marxicon economics had reared its intellectually inconsistent head and presented me with a speaker's dilemma. Should I disembowel the questioner in public or answer in a way that would not turn the audience against me? I chose the latter course and answered as follows:

"Good question. It's something that I would be happy to debate with you after the meeting, but your question raises the question of how 'obscene' would be defined and who would define it. Also, if we accept that the role of government is to put a limit on drug company profits, then what would stop the government from putting a lid on the profits of any other company or on what you can earn as an individual?"

With that, historian David Irving jumped in with his British perspective, proving that someone can be an expert in one area and the opposite in another. He said that he agreed with the questioner.

I responded to David with a question: "David, what has happened to the British pharmaceutical industry under nationalized health care?" He stammered a non-answer answer.

Of course, what has happened is that the industry has declined because it could no longer attract the capital to invest in research and development and produce lifesaving drugs at a price to provide investors with a satisfactory return on their investment and to compensate them for the risk of losing their money.

It is not unusual to encounter socialism among Europeans. Sadly, it is no longer unusual to encounter a mutant version of socialism, Marxicon, among American conservatives.

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