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letters

In Defense of Bondage

The subtitle of "Broadcasters in Bondage" (September), Robert Corn's article assailing the fairness doctrine, was: "Free speech is a fundamental right? Not when it comes to TV and radio broadcasters, it isn't—and an odd coalition of liberals and conservatives wants to keep it that way."

The coalition may be odd, but it is also correct. Broadcasters surely have a constitutional right to say anything they want to, fair or unfair. The question is whether they have a right to do so while using my (and your) air. If they feel they are in bondage, they may release themselves easily by giving up their government licenses.

Ronald K. Mawson
Jefferson City, MO

Uncle Joe Not So Bad

I take exception to the claim of Alexander Jason ("Delivering the Goods to Hitler," August) that Stalin was a willing ally of Hitler. Stalin did what he had to do. He bought time and space because he realized the Soviet Union was not prepared to meet the German army alone. After all, England and the United States committed the first aggression against Russia when they invaded Siberia in 1918, in an effort to reverse the revolution.

Had the western nations, especially the United States, shown a more sympathetic attitude toward the Russian people, I believe the situation today would be much better than it is.

John E. Erb
Northville, NY

Taxi Driver

Glenn Garvin's article on Pittsburgh jitneys ("Flouting the Law, Serving the Poor," June-July) was marred by the discussion of the economics of jitneys and taxicabs. Rather than showing lower costs through competition, the article seems to imply that for the most part jitneys are cheaper because the drivers violate the law—not having a chauffeur's license, avoiding income and Public Utility Commission taxes, and not buying special auto insurance (violating the insurance contract). The reader is left with the impression that if jitneys had to follow these laws they would cost as much as cabs, especially those readers who need convincing the most—public officials and other members of the "establishment."

Thomas Wicklund
Minneapolis, MN

Pickin' on Boone

Despite all the supposed authorities cited, your defense of unfriendly takeovers in the August issue ("Clear Thinking Overtaking Takeover Controversy") is rather lame.

Who can say that Phillips Petroleum and UNOCAL were badly managed or that their stockholders are now better off, post-Pickens, with companies in which "the hot blood of equity has been replaced by the cold water of debt," as UNOCAL's Fred Hartley so aptly put it.

Admittedly, some of the counter measures being proposed are extreme, but why doesn't REASON attack the real culprit, a tax system which is so biased in favor of debt and against equity that it leaves companies vulnerable to vultures like Pickens and Icahn?

Ronald J. Berkhimer
Walnut Creek, CA

This Land Ain't My Land

Many discussions on zoning such as your September Trends item "The Twilight for Zones?" focus on its impact on construction costs. This seems to miss the main point: zoning forces people to buy more housing than they need. Often, studies assume that without land-use restrictions the same types of housing would be built. These studies don't anticipate the many ways people would choose to economize on housing, given a chance to do so.

Also, while "change must come at the local level," it is my opinion that the *municipal* level is not the best place to fight zoning. Zoning's biggest victims are those would-be newcomers who get cheated out of a place to live. As outsiders, they are not in a position to conduct a political fight against that community's ordinances. So they must fight at levels where they are not outsiders: state and federal.

Julian Brookes
Needham, MA

Chrysler Almighty

Jeff Riggenbach's review of *Iacocca: An Autobiography* (June-July) suggests Mr. Iacocca may want to run for president because he is engaged in the Statue of Liberty restoration. Riggenbach believes that is an indication that Mr. Iacocca wants to move beyond the auto business. Riggenbach guesses wrongly.

Mr. Iacocca was asked by President Reagan to head up the Statue of Liberty-Ellis Island Foundation. As the son of immigrants, Mr. Iacocca hastened to accept, for reasons spelled out in his book.

Riggenbach is suspicious of Mr. Iacocca's intentions because Mr. Iacocca is so outspoken on politics, especially issues that affect the auto industry. The chairmen of Ford and General Motors have strong opinions on political issues that affect our industry, too. I submit that Mr. Iacocca is more effective in communicating his opinions. That does not make him a presidential candidate.

Mr. Iacocca is not going to run for president. He has an excellent platform as chairman of a large industrial corporation. You will continue to hear from him, but not on the campaign trail. Many people admire Mr. Iacocca's straight talk. They should believe him when he says he is not going to run for public office.

Baron K. Bates
Vice President, Public Relations
Chrysler Corporation
Detroit, MI

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Forget Placebos -- Let's Go for the Strong Stuff

Marty Zupan

"The high cost of health care" seems to have settled in as a lingering issue. Every six months or so, the fever sweeps the body politic, diagnoses are pronounced on the opinion pages of newspapers and in popular magazines, and handy prescriptions are written out. "Just take this to your representatives in Congress," the opining experts say to the citizens, "and be sure to follow the directions when Congress dispenses the bitter pills."

More often than not, the remedy of choice is socialized medicine. (That's the accurate designation and is usually avoided. For public consumption, the recommended palliative has brand-name labels such as "a nationwide health-care system.")

It would be nice to think that America *still* doesn't have a national health service after all these years (that's the way liberals intone it, looking mournfully across the Atlantic) because the American people have enough horse sense not to turn over something as important and intimate as their health care to pols and bureaucrats. Depressingly, though, it seems that a majority of Americans—close to three-quarters in one recent survey—think the feds *should* start up a national health-care program.

In fact, in an era when the public is otherwise willing to test the less-government tonic, various surveys show that lots of people, as the *National Journal* recently summarized the poll data, "will go along with just about any change [in health care delivery] that contributes to cost containment." Anything, that is, that they *think* will cut costs. And that includes everything from requiring patients to get second opinions on surgery to imposing government price controls on hospitals and doctors.

All this is based on the premise that health-care costs are out of line, out of control, and out of the hands of anyone—patients, providers, or payors—involved in the system. It's not clear that that premise ever was quite true, though, and there's increasing evidence that it's out of sync with current reality.

Consider some disparate bits and pieces of evidence:

- Hospitals absorb 40 cents out of every health-care dollar spent in the United States. In 1984, hospital costs rose only 4.5 percent, a whopping 56 percent less than the 10.2 percent rate of increase the year before.
- Part of the reason: hospital admissions dropped in 1984 by nearly 1.5 million—the first decline after decades of uninterrupted increases.
- Health costs are being shared more by patients. In 1984, 21 percent of the health plans for medium and large employers had deductibles of at least $150, up from 7 percent just two years earlier. And, as economic theory predicts and studies now confirm, when a third-party payor doesn't pick up the tab for everything, people exert more commonsense restraint over their demand for medical services (with, interestingly, no measurable ill effects).
- Doctors are increasingly signing on with alternative health-insurance programs that require them to accept payments up to 20 percent less than what they had been charging.
- Hospitals are beginning to look to discounts to attract more of the hospital patients in their communities.
- For years, governments, federal and state, tried to exert control over hospital costs by limiting purchases of high-cost, sophisticated diagnostic equipment so as to avoid duplication. Hospitals generally managed to get around the regulations. But now, the American Hospital Association reports that more hospitals are...you guessed it, sharing high-cost, sophisticated diagnostic equipment to save money.

What's happened in the health care market that everyone thought could only be restrained by controls imposed from above by government? Good old competition is part of the answer.

In 1960, there were 86 medical schools in the country, and they turned out 7,100 new doctors that year. By 1979, there were 125 schools, churning out 15,000 new doctors. However much the docs complain about what they deem an "oversupply" of their kind (and a lot of them complain a lot), the fact is that it's great for health consumers. It largely accounts for doctors going along with the new insurance programs that are trying to control costs and also has contributed to the health-care-delivery phenomenon of the decade: the growth of independent, stand-alone clinics, emergency-care facilities, surgery centers, and so on, which are widely hailed by experts as an efficiency-enhancing, cost-saving development.

Meanwhile, for-profit hospitals have been growing, injecting a healthy dose of competition in that sector, too. Between 1970 and 1980, for-profits boosted their share of the country's hospital capacity from 6 to 9 percent. And they're the leading edge in cost-saving innovations such as computerized patient charts.

But there's another new and important factor. Health insurance companies have finally decided to do something about the cost of medical care instead of just paying the bills and raising premiums when they needed to to cover the costs. The last few years have been marked by new kinds of plans that negotiate charges ahead of time with doctors and hospitals, mandatory second opinions to avoid unnecessary and marginally necessary procedures, incentives to reduce hospital use, and so on. It's activism unheard of since private health insurance started taking off in 1945.

And it's paying off. Blue Cross-Blue