

STIRRING THE POT WITH TURMOIL

BY GERALD E. MARSH

"... The challenges to equality of opportunity are far more complex than university admission or outright discrimination. . . ."

THERE HAS BEEN much recent discussion of inequality as the cause of social unrest and the growing divisions among our citizens. Yet, rarely is there a discussion of what equality actually would mean in the U.S.

For those who fear a creeping socialism, equality is identified with the definition of that term implicit in Ayn Rand's *Atlas Shrugged*. Others believe that equality means "equality of outcomes," often expressed, in today's ethnically divided society as having "the right" proportions of the "politically correct" ethnicities in jobs, schools, and professions, leaving little room for cultural variations that affect individual choices and aspirations. This is not what America is all about nor should it be.

What we can and should strive for is the equality of opportunity, not outcomes. The equality of outcomes is neither reasonable nor possible. Even equality of opportunity is difficult to achieve since it implicitly assumes that all children are given equal support and encouragement as they grow up. However, there are no really good measures of a child's potential; individuals mature at different rates, and the social context within which children grow up is vastly different, ranging from outright abuse from a very early age to the gilded upbringing of some elites—nor is it possible to address seriously these issues publicly without incurring the charge of racism or lack of cultural sensitivity and respect.

In terms of outcomes, differences in employment and compensation among racial and ethnic groups are associated with various fac-

tors, some of which cannot even be measured. Perhaps the most important are variations in educational attainment; the occupations and industries that are found where specific ethnic groups generally live; the natural differences that occur between geographic areas; and, of course, outright discrimination.

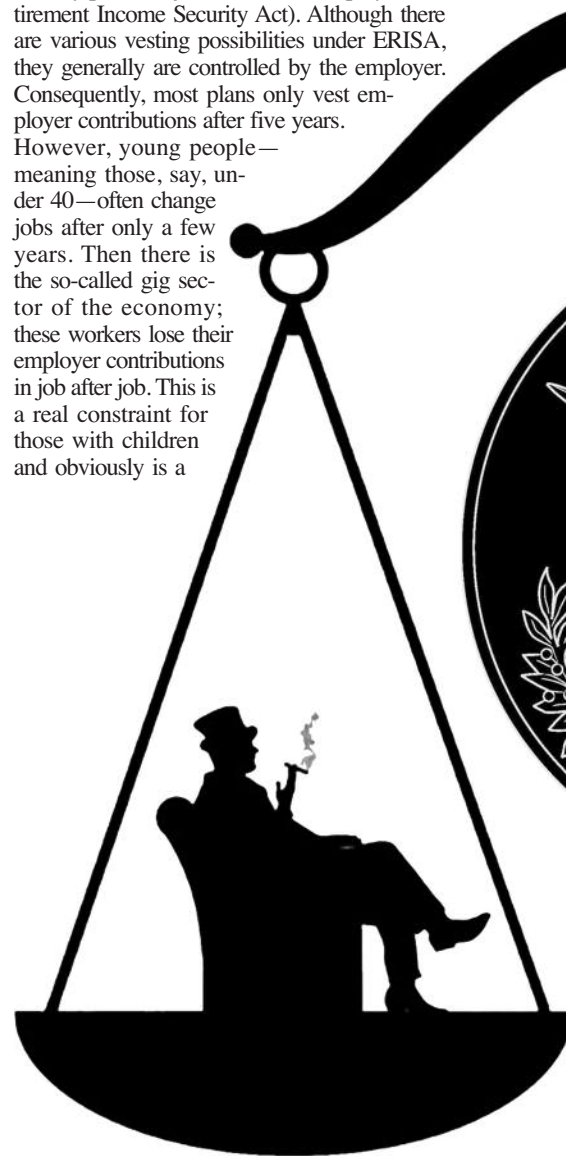
Outside of the far-left progressives, few would disagree that overt discrimination has been greatly reduced since the 1960s because of Title VII of the Civil Rights Act. In the case of blacks, this success primarily is a result of increasing college graduation rates among young black workers, especially women. Although the white collar employment gap between Hispanics and other groups has widened, this probably is due less to discrimination than to the fact that a high proportion of Hispanic workers are recent, less educated immigrants. With regard to STEM—science, technology, engineering, and mathematics—the disparities are due to unequal access to quality education and the lack of encouragement from an early age to pursue these difficult and often unpopular subjects.

What can be done to level the playing field and improve equality of opportunity? The phrase implies different things to different people and its meaning has changed over time. In the mid 20th century, when major universities had quotas on Jewish students—not to speak of ethnic groups that never even would be considered—it meant eliminating these restrictions. Now, it is other groups—and the sanctimonious cant of "diversity"—that is in the spotlight. Today, the challenges

to equality of opportunity are far more complex than university admission or outright discrimination, and to meet these challenges will require structural changes in some basic parts of what is known as the Social Contract.

Talking with young people makes it clear to anyone who wants to listen that, for them, the lack of pension portability and affordable health care coverage is a disaster in progress. Academics, at least those who are covered by TIAA/CREF, have immediate vesting of their employer contributions and are able to change positions at will. This is not true for workers in most other jobs, who generally are covered, at best, by plans subject to ERISA (Employee Retirement Income Security Act). Although there are various vesting possibilities under ERISA, they generally are controlled by the employer. Consequently, most plans only vest employer contributions after five years.

However, young people—meaning those, say, under 40—often change jobs after only a few years. Then there is the so-called gig sector of the economy; these workers lose their employer contributions in job after job. This is a real constraint for those with children and obviously is a



challenge to the concept of equal opportunity. Pension law should be changed to essentially match that of TIAA/CREF to give young people the flexibility to optimize their chances to succeed in the employment marketplace.

Many young people starting out only make a salary just above that which requires them to pay more than they can afford for medical insurance under ObamaCare, so they often

hide enough of their income to become eligible for Medicaid. We want to give people the incentive to live by the rules of the society, not create disincentives to do so.

It also is a sad fact that today a number of physicians prescribe important medications for their patients knowing full well that many will not fill the prescriptions because they simply cannot afford to do so. Physicians are well aware that the general health care deliv-

ery system for those not fully insured is broken. They also know that this will not be easy to fix because of the lobbying and financial influence of existing institutions on Congress.

The idea of a single-payer system such as Medicare (where recipients are able to buy reasonably priced secondary insurance, since providers accepting Medicare patients only can charge up to 15% over what Medicare pays) certainly will come with increased costs.

The Federal government pays about 28% of total health spending while households pay about the same percentage. Private business' share of health spending is 20%, and state and local governments pay about 16.5%. It is important to realize that there are great cost differences in the

even if U.S. administrative costs and profit margins were in alignment with other Western democracies, additional funds still would be needed. This, however, should not preclude us from bringing our system into alignment with Europe, where health outcomes are, if anything, equal to or better than in the U.S.

Crafting a solution to the health care problem, whether single payer or otherwise, is easier than dealing with the political difficulties of changing and putting into place a better structure. The reason is that the country is far too politically fractured to bring coherent pressure on Congress to make the change. As a result, vested interests almost certainly would prevail.

This political and social fragmentation is due to the vast inequality in wealth—giving the rich far greater influence over the political process that cannot be matched by the general population given the absence of unions and the other influential social organizations of the past—and the dominance of identity politics, which serves to divide and distract the general population.

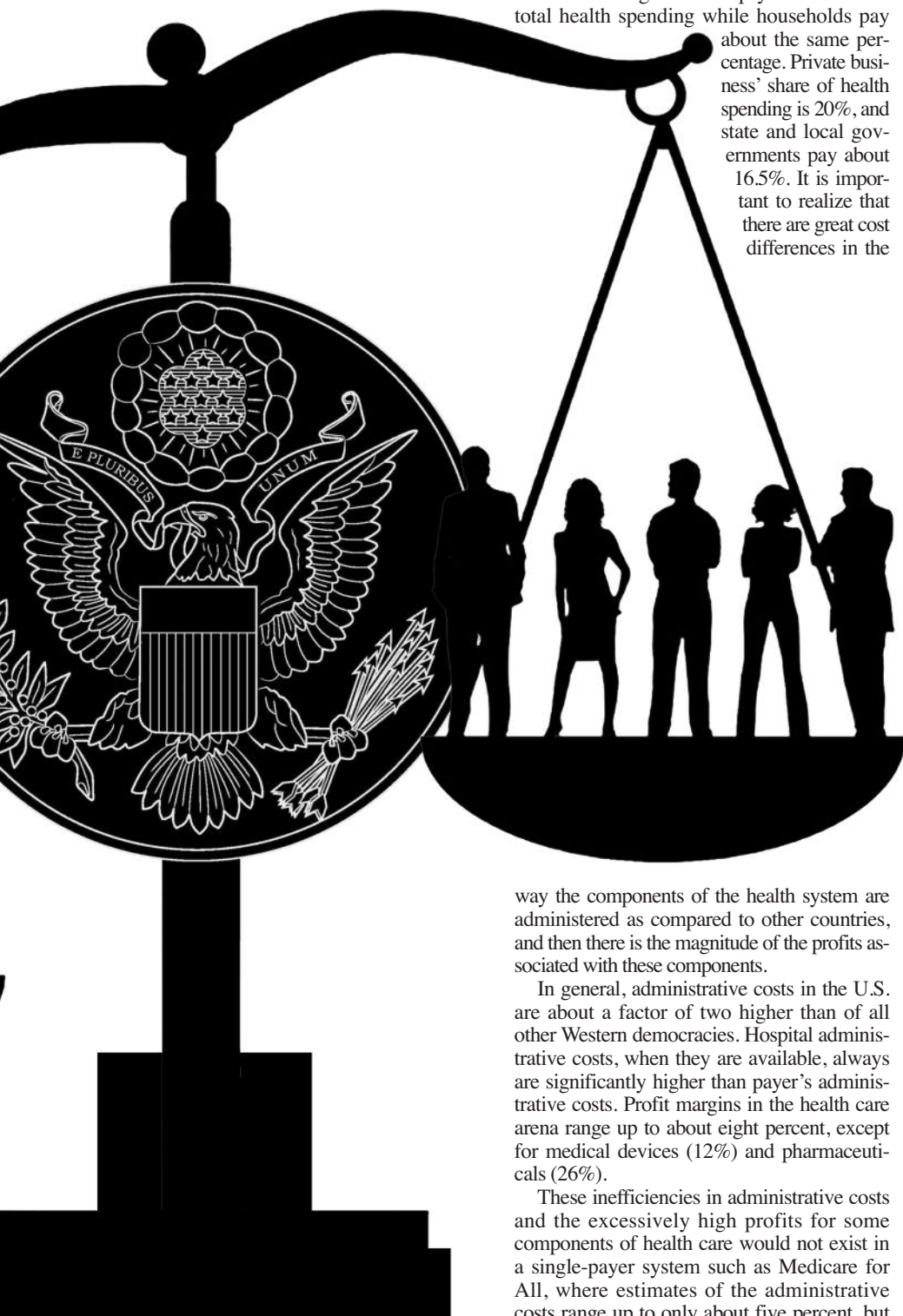
Many people now believe that Congress and both political parties serve the interest of an elite that they cannot hope to join. For them, the American Dream is dying. As a result, there is a great deal of resentment, as illustrated by the social unrest during the COVID-19 lockdowns. The loss of employment income has many people in dire straits. Six out of 10 Americans do not have enough savings to cover three months of expenses, and many are deep in debt. Credit cards are not much of an option for relief since they come with usurious interest rates. There are tremendous lines at food pantries and soup kitchens composed of people who never dreamed they would be in such an unenviable position.

Of course, the proximate cause of the demonstrations and looting were the shootings of minorities by the police, echoing the riots after the 1992 Rodney King incident and the confrontations of the late 1960s when a number of cities were ablaze.

To prevent greater unrest in the future, people need to believe they have an equal opportunity stake in society—the hope that they and their children can do better. This is what the Social Contract is all about. It gives people a reason to endorse and comply with fundamental social rules and laws as well as support the basic principles and institutions of our society.

Are these rules, laws, principles, and institutions necessary, legitimate, and deserving of our support and loyalty? The answer lies in what kind of America you want to live in. ★

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way the components of the health system are administered as compared to other countries, and then there is the magnitude of the profits associated with these components.

In general, administrative costs in the U.S. are about a factor of two higher than of all other Western democracies. Hospital administrative costs, when they are available, always are significantly higher than payer's administrative costs. Profit margins in the health care arena range up to about eight percent, except for medical devices (12%) and pharmaceuticals (26%).

These inefficiencies in administrative costs and the excessively high profits for some components of health care would not exist in a single-payer system such as Medicare for All, where estimates of the administrative costs range up to only about five percent, but