

“On Your Own” Economics

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A new baby girl was born in the United Kingdom last week. The mother checked into the hospital at 8:30 pm, had the baby at 10:30 pm, and was discharged at 3:00 am...270 minutes later. This gives new meaning to the term “drive-through delivery.” No one there thought it was unusual even though maternity stays in the hospital of less than 2 days are considered aggressive in the US.

For centuries – millennia really – women gave birth without hospitals at all. There was no going home because the mother never left home in the first place.

The 20th Century brought major change. One of those changes was to provide a safer environment for giving birth. Mothers are watched longer and newborns are run through a battery of tests. The result has been fewer deaths in childbirth and healthier children. It’s one of the reasons that in the past 100 years or so, life expectancy for women has increased more than for men.

But, when medicine is socialized and budgets become constrained, costs are cut anywhere and everywhere. As a result, mothers and babies are sent home quickly to save money for the state. By doing so, hospitals in the UK are taking health risks. To put it bluntly, these hospitals are very quick to tell moms and their newborns that they are “on their own.”

In truth, no matter what anyone tells you, in the end we are all on our own, whether we are expectant mothers or not. There are limited resources and deep down we all realize this. We all make choices about how to deal with it: how to find help. It’s why we join with larger groups – for defense, for support, or so that we can accomplish larger more complicated things.

The choice we ultimately have is where we get the major part of this help. Do we turn to government? Or, do we turn to

private relationships; family, friends, private business, and charity.

The trouble with the government as helper is that the assistance must be taken (taxed) from someone else, who then has an incentive to object. Moreover, people end up competing (and advertising) to see who has the greatest “need” or is the worst “victim.” And with limited resources, there are fights about who gets them and before you know it, government provides “drive through delivery” services so that it can use more resources elsewhere. And when government tries to do too much, it “crowds out” private assistance, weakening those other institutions through taxation and regulation.

That’s why we find it so remarkable to see free market capitalism derided as a system that supposedly tells people you are “on your own.”

The genius of capitalism is that it harnesses self-interest to get people to cooperate in incredible ways. Most observers, including us, describe capitalism as a system of *competition*.

But on a day-in, day-out basis, this competition is not direct hand-to-hand combat to find a victor; it’s a race to see who can provide the best products at the best price. It’s about service to others, not finding ways to force others to bow to our will. More importantly, we work in cooperative effort with others (our co-workers, family members, and friends) to accomplish these tasks.

Government has a role, but economic growth is always strongest where it governs least.

Given a choice, people have always flocked to those countries where they could take care of each other with less government help, not more. Not because they don’t think of themselves as their brothers’ keepers, but because they do.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
4-10 / 7:30 am	Export Prices - Mar	+0.2%	+0.4%		+0.4%
7:30 am	Import Prices - Mar	+0.9%	+1.2%		+0.4%
4-12 / 7:30 am	PPI - Mar	+0.3%	+0.4%		+0.4%
7:30 am	"Core" PPI - Mar	+0.2%	+0.2%		+0.2%
7:30 am	Int'l Trade Balance - Feb	-\$51.7 Bil	-\$48.7 Bil		-\$52.6 Bil
7:30 am	Initial Claims - Apr 7	357K	358K		357K
4-13 / 7:30 am	CPI - Mar	+0.3%	+0.3%		+0.4%
7:30 am	"Core" CPI - Mar	+0.2%	+0.2%		+0.1%
8:55 am	U. Mich. Consumer Sentiment	76.5	76.2		76.2