ATLAS ECONOMIC RESEARCH FOUNDATION
FREEDOM MATTERS

Liberty and Choice vs. Dictation and Extortion

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Atlas's Jo Kwong, Masaru Uchiyama, Hiroshi Yoshida, and Nonoy Oplas enjoy an ice sculpture at the Atlas Liberty Forum April 25th.

The Atlas Economic Research Foundation, a nonprofit based in Arlington, Virginia, U.S., held its 8th Liberty Forum in Atlanta, Georgia, U.S., April 25-26, 2008. Atlas gave me a modest travel grant, so I was able to go there as one of the 270+ participants from 50 different countries.

The Liberty Forum is an annual event organized by Atlas and held in various cities around the United States. Its main purpose is to gather leaders of free market-oriented think tanks and public policy institutes, as well as some scholars and corporate leaders. Atlas enables those who believe in individual liberty and the free market to meet and network with each other. There are also lectures and forums on selected topics, like this year, one session was "Promoting Freedom in Difficult Countries" and the speakers were from Iran, Ghana, Mongolia, and Venezuela.

When we formed our own think tank here in Manila, the Minimal Government Thinkers, Inc., our goal was very clear and well-defined: to advance a society of free, responsible and self-reliant individuals who demand less government, less taxes, and less regulations. In short, a society that gives the utmost importance to individual liberty and choice, and that fights dictation in many facets of our lives. Dictation and regulations often invite extortionary behavior from those who think individuals should be guided on, even dictated on, how they should conduct their lives. These dictators would dictate how much they can keep from our monthly income, who should be over-taxed, who should be over-subsidized, and who should administer those taxations, regulations, and subsidies.

That is how I, and our think tank, became known to fellow free market-oriented institutes in Asia and other continents of the world, like Atlas in the U.S. and the International Policy Network in U.K.

Here in the Philippines, there are numerous attempts by the state, from local to national government units, as well as from some multilateral institutions to forcibly collectivize many aspects of our lives. Many of these attempts have been successful and are simply being implemented, like high and multiple taxes and fees, trade protectionism, regulations in starting and expanding a business, and so on.

A number of those forced collectivization attempts are still being planned and need institutionalization through legislation. Among these are various price control schemes for rice, petroleum, housing, wages, and medicines.

This coming May 1, the President and the top legislative leaders want two new big laws: exempting the minimum wage earners from paying personal income tax, and enactment of the "cheaper medicines" bill.

The former is very rationale, it even looks cute, except that the state will also adjust the taxes upwards for those earning above minimum wage to "compensate for revenue losses." The second is populist propaganda which includes two schemes that the Health Department and the House of Representatives have thought of: "generics only, no branded drugs" in physicians' prescriptions and medicine price control.

If the latter bill becomes a law, it will have two perverse results. One is killing choice – physicians will no longer have the option to choose and prescribe medicine brands that they think can cure their patients given their particular illness. And the other would create an extortionary environment. If the President and/or Secretary of the Health Department are corrupt, all they have to do is go to the biggest pharmaceutical companies (generics or branded) and tell them, "Hey, we will put your best-selling drugs under price control, unless you pay us."

The price system is always the best indicator of the usefulness and availability of a certain product or service. Cheap ones are always attractive, but there are dangers that these cheap goods are of bad quality - and in the case of medicines - could be unsafe and fatal. Expensive products are unattractive, but they often bring with them reliable names or brands for their manufacturers and producers, which translate to effective and safe products. There are many factors why a product becomes expensive. Among the prominent ones are: 1) government taxes and fees – they are always inflationary; they always make the taxed products become more expensive; 2) the high cost of product research and development (R&D) and innovation. Copycats are always cheap because their manufacturers did not spend a single amount in product development and innovation; and 3) the monopolistic or oligopolistic structure of the market inflates the price; i.e., the fewer the sellers, the greater the tendency of the few or lone seller to abuse the market and bleed the consumers.

Note that in two or all of the three major factors mentioned above, government is involved. R&D and the cost of innovation are always very costly because of strict government health, sanitary, and environmental regulations.

And so, if government intervention is costly and makes things expensive, why would we seek another set of government intervention – through wage control and higher taxation of skilled laborers, those earning above the minimum wage, and medicine price control, as well as killing choice for physicians and patients?

Not only are we hoodwinked of the excesses and distortions by past government intervention and dictation. We are also hoodwinked to believe that we need more of the same abuses and dictations. If we value our individual liberty, rather than government mandates to dictate to us what is supposedly good, then let us say NO to their attempts and to dangerous legislations.