Written by **Selwyn Duke** on August 18, 2009

Yet Another Call to Overhaul Healthcare . . . This Time in Canada

In his captivating book The Screwtape Letters, the great philosopher C.S. Lewis noted that change is meant to be a means to an end and that it is only the destroyers of civilization who try to convince us that it is an end unto itself.

It is an alluring mantra, that change chant. It helped elect Bill Clinton in 1992 and, four terms later, Barack Obama. The idea is that things couldn't possibly be worse than they are now, so the unknown just must be better than the status quo. Ah, collect the frying pans — fire all the way around.

The big change everyone is talking about now is, of course, in the area of healthcare. But before we convince ourselves that our golden goose is really an ugly duckling, we ought to note that the socialized medicine species isn't exactly enjoying vibrancy. And a case in point is Canada, where the Canadian Medical Association (CMA) is calling for an overhaul of its nation's healthcare system that would make it (Gasp!) a bit more like ours. Jennifer Graham with *The Canadian Press* reports, writing:

> Dr. Anne Doig [incoming president of the CMA] says patients are getting less than optimal care and she adds that physicians from across the country — who will gather in Saskatoon on Sunday [August 16] for their annual meeting — recognize that changes must be made.
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> "We all agree that the system is imploding, we all agree that things are more precarious than perhaps Canadians realize," Doing [sic] said in an interview with *The Canadian Press*.
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> "We know that there must be change," she said. "We're all running flat out, we're all just trying to stay ahead of the immediate day-to-day demands."

The outgoing president of the CMA, Dr. Robert Quellet, echoes these sentiments and has essentially said that financial incentives must be introduced into the Canadian system. As to this, Graham writes, "[Quellet has] said the Canadian system could be restructured to focus on patients if hospitals and other health-care institutions received funding based on the patients they treat, instead of an annual, lump-sum budget. This 'activity-based funding' would be an incentive to provide more efficient care, he has said." He has also said, writes Graham, that "there could be a role for private health-care delivery within the public system."

Now that's change we can believe in. At least a little bit of it, anyway.

The reality is that removing incentive from a system — whether in the name of communism, socialism, statism, or whatever the *nom du jour* may be — always leads to a decrease in productivity commensurate with the decrease in incentive. This is why the Chinese CINOs (communists in name only) introduced free-market reforms a long time ago. They may not want to allow any variety of *political* freedom that would jeopardize their power, but they know that if they want to be powerful,

they must allow limited economic freedom that unleashes the creative capacities of the common man. Likewise, even Cuba is seeing the light, with a recent story about how Raul Castro will now allow farmers to operate privately in an effort to boost the nation's pitiful food production (the wonderfully arable island nation produces barely 30 percent of the food it requires). Wow, what a radical concept: allowing farmers to actually work for profit. Brother Fidel must be spinning in his sick bed.

Yet many will put the kind of spin on reality that prevents one from grasping the simple incentive/productivity equation. For example, many years ago I had a discussion with a well-meaning but very liberal neighbor about Hillary-care, and her willingness to close her eyes to the obvious would have been eye-opening to many. When I tried explaining the consequences of eliminating incentive, she would descend into a dreamy-eyed state of naive idealism and recite platitudes such as: "But medicine shouldn't be about making money; it should be about helping people." Well, that's nice, really. At least now I know that the road to Hell won't require stimulus money to be re-paved.

The first thing to note is that it's easy to be idealistic when you don't have to live with your ideals. While my neighbor was sincere at the moment she wished that the whole world were like Mother Teresa, I should point out that neither she nor her husband plied their trades for free. Nor do I think they would have plied them at all if they had won the lottery. I should also point out that the real Mother Teresas of the world don't sit around talking about how government should administer works of charity. They're too busy actually *doing* works of charity.

Yet there is a grain of truth in that neighbor's musings. For sure, we should all be charitable and act in our fellow man's best interests. In a perfect world, we would all help others without expectation of compensation (in turn, others would reciprocate without prodding). But a perfect world would be far different in many ways. No one would commit crimes, so we wouldn't need police. No one would violate his word, so we wouldn't need lawyers or a court system to enforce contracts. No one would desire sin, so we wouldn't need religious prescriptions and proscriptions. I could go on, but the point is obvious.

Also obvious is that a profound lack of maturity is evident here. Many people want to live in the Land of Should as opposed to that place from which they wish to escape, the Land of What Is (thus, it's not surprising that 27 percent of Americans are now taking anti-depressants). And in the latter place, a special dispensation from the laws governing man's nature isn't granted simply because an endeavor is important or relates to a survival need, such as medical care or food. The same rules still apply: price caps lead to shortages (rationing), to a decline in both quality and quantity. Perhaps this sheds some light on why the United States has about five times as many MRI machines per million people as either Canada or the U.K.

In other words, there are medical-care "lines" in Britain and Canada for the same reason why there were bread lines in the Soviet Union. And this brings us to something else that a mature analysis acknowledges: You get what you pay for, and modern healthcare *cannot* be cheap. An MRI machine costs an average of $2 million to buy and $800,000 a year to operate and it costs almost $1 billion to research, develop, and bring a new drug to market, just to mention two miracles of modern medicine that don't spontaneously generate.

Now, this is where I'm supposed to issue an obligatory qualifier such as, "Needless to say, our system is far from perfect…" But I would remind you that this isn't a perfect world. And things could certainly be far, far worse.

Of course, there are definitely things we can do, such as tort reform and eliminating illegal aliens from

the system, and there are no doubt some other good ideas. But installing a system where the bureaucratic equivalent of the Post Office runs the hospitals or adopting a healthcare bill the size of the tax code isn't one of them.