

Health Care Administration and Libertarianism

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This essay will show how the Canadian Health Care System would improve if the government were to take a libertarian approach to the administration of it. It will be shown how the health care system is now run by the administration and what is expected of it by the stakeholders, an overview of what libertarian theory is, and then how the implementation of libertarian theory would improve the way of the health care system is administered and what the stakeholders would experience.

The main stakeholders within the current health care system are the citizens of Canada who use the system, the Federal government, and Provincial government. The citizens of Canada have high expectations of the health care system. During the last federal election a poll done for the CBC by Environics Research had health care as the number one concern for 35% of the people surveyed, the next closest issue was government leadership with only 16% of the people listing it as their primary concern (CBC, 2004, May). This result is not surprising. From the beginnings of the Canadian health care system with the formation of the Medicare system in Saskatchewan in 1961 Canadians have been passionate about how health care is administered. It is the nature of health care that has created this passion. Everyone will fall ill throughout their lives and be a user of the health system, furthermore everyone will have loved ones that will be within the system with potentially life threatening problems. The expectations of the health care system by citizens is therefore quite high; they wish access to the system, minimal wait times and the best possible care. Because of this the providers of health care, federal and provincial governments, have the difficult task of fulfilling these expectations with a limited amount of money.

The current Canadian system of administrating health care is laid out in the

Canada Health Act of 1985. This act explains that it is the main objective of health care policy in Canada to “protect, promote and restore the physical and mental well-being” (Canadian Health Care Policy section 3, 1985) of Canadian citizens without placing financial hardships on them. The system is designed to be universally accessible to all Canadians. Both the Federal and Provincial governments are given responsibilities towards the health care system. The Federal government has agreed to provide the governments of the provinces with money to be used in their health care systems if the provinces meet certain criteria. The provinces will use the money provided by the Federal government to create, maintain and expand their health care systems as the needs of their citizens demand.

The Health Care Act of 1985 makes the health care system a government run enterprise instead of a free market enterprise. It is not the forces of demand and supply that dictate how the health care system is designed and implemented but instead the government “plays a leading role in financing, producing, and delivering medical services.” (Friedman, 2001, p. 3) The recommendations for the layout of the health care system which would include such things as where hospitals are placed, what equipment to purchase, and what salaries to pay, are given to the provincial governments usually by provincial public servants in the form of special commissions or centralized bureaucracy (McMahon, & Zelder, 2002, February). This system gives a large amount of power to the public bureaucrats, often making them the main decision makers. This is a potentially dangerous situation because Canadian citizens hold politicians accountable for the decisions made about health care, not the public bureaucrats. It is through the election of politicians that Canadian citizens decide how they want the health care system run, but if

the politicians are often only accepting the recommendations of bureaucrats the citizens may believe they are left out of the process.

Currently in Canada, and almost every advanced country that has health care provided, there is a growing dissatisfaction with the administering of the system among the public (Friedman, 2001, p. 3). The system in place is not living up to the demands of the main stakeholder, the public. One of the three main expectations identified earlier in this essay, minimal wait times, has been an area where the current Canadian system has continually failed. Between 1990 and 1999 average waiting time between a patient being referred by a general practitioner and treatment by a specialist rose from 9.3 weeks to 14 weeks (McMahon, & Zelder, 2002, February). The most current data provided by the Fraser Institute lists the current waiting time for 2005 at 17.3 weeks (Esmall, & Walker, 2005b). This leap in waiting times is enormous and clearly explains much of the dissatisfaction with the system by the public.

Looking at the leap in waiting times one must wonder what has happened with the amount of spending being put into the health care system. According to Brett Skinner (2005) Between 1996/1997 and 2004/2005 the amount of total revenue generated by each of the ten provinces spent on health care increased, as well over the last 5 years the growth in public health expenditures by all 10 provinces has grown faster than their total revenue growth (Skinner, 2005, October). So not only has more money been spent on the health care system while the service has become poorer, the increasing amount of spending is unsustainable. This has only served to increase stakeholder frustration with the system.

One way that has been suggested to fix the problems with the Canadian health

care system has been to embrace libertarianism. Libertarianism is at its most basic level an idea of fairness. Libertarian theorists believe that the most important individual right is the right not to be forced to act against your own will. To force a person to do something they wish not to do would be unfair. This theory has huge ramifications in philosophy, which in turn has practical ramifications in economics and politics. In the realm of economics it holds up the invisible hand as the only director of which way the market will go and in the political sphere it maintains that government bureaucracy must be kept to a minimal existing only to protect the citizens of the country both from each other, administering justice with the use of police and courts, and from other countries, natural defense. In his preface to the book *Anarchy, State And Utopia* libertarian theorist Robert Nozick (1974) says the following results from this; “Two noteworthy implications are that the state may not use its coercive apparatus for the purpose of getting some citizens to aid other, or in order to prohibit activities to people for their *own* good or protection.” (Nozick, 1974).

Currently the Canadian government has not embraced libertarian theory. The government continues to be involved in matters that extend beyond law and order and national defense. This is seen in the current health care system in which Canada has adopted a kind of utilitarianism. Utilitarianism is another theory of fairness that is opposed to Libertarianism. It argues that the best system is one in which the greatest happiness should be achieved for the greatest number of people as possible (Bade, & Parkin, & Lyons, 2005, p. 152). Utilitarianism has been the underlying cause of the current state of the health care system. It is embedded in the Canada Health Act of 1985 when it forces health care to be universal (Canadian Health Care Policy section 10, 1985)

Instead of allowing the free market to provide the health care people demand, the province is forced to provide the same level of health care to everyone within the province without consideration given to the demand. This has created a situation where a limited number of health care dollars are needed to provide for a growing population.

Using Robert Nozick's two implications we can examine the health care system and see why the current system makes it unfair. The first way the current system is unfair is by making everyone equal in the health care system those who have resources they wish to spend to receive better or faster treatment cannot. Prohibiting a person from taking a course of action that would help himself without directly hurting others is a violation of a persons freedom and thus unfair. The second way the system acts unfairly is by forcing a person to give their resources to help others against their will. Libertarians have sometimes been portrayed as being greedy, not caring for others but only for themselves. This is a false perception, it is not that libertarians are uncaring but that they do not believe caring should be forced. The government, by taking money from one citizen to support another citizen has deprived that citizen of the resources he has worked for which is an unfair action. There is nothing wrong however with a citizen voluntarily giving up their own resources to help another person.

Beyond being more fair then utilitarianism the libertarian theory applied to health care would allow the forces of demand and supply to shape the health care system making it more efficient then utilitarianism. The utilitarian system has need of a large bureaucracy to oversee the administration of the system while a libertarian system would in effect eliminate the government from the administration of health care. The role of choosing and paying for the health care services the citizens want would be left entirely

up to their own choice. This situation is often fought against by those who argue that the government should provide health care services because not everyone could be able to afford them if they had to pay for them on their own. Several problems exist with this line of reasoning. The first problem is that health care is singled out while many other just as essential goods and services, such as food, are not provided by the government. As economists Milton Friedman (2001) argues, if health care should be provided by the government because some people would not be able to afford it on their own, as advocates of a government funded health care system argue, why should not all goods and services where the possibility exist that people could not afford be supplied by the government (Friedman, 2001, p. 4)? A second issue that is often overlooked is that currently citizens do pay for health care through their taxes, yet it is commonly accepted that “nobody spends somebody else's money as wisely or as frugally as he spends his own.” (Friedman, 2001, p. 4) If the health care system was to be opened up to non-government providers there could be choice and competition. Choice would allow the citizens to find the best health care possible, thus fulfilling the best possible care expectation of the stakeholders, also by increasing the providers of health care beyond the government, wait times would decrease since more providers are offering access to the system. Competition would force the competing providers to provide the best possible services in an attempt to attract the most people to use their services. This would also increase the effectiveness of the system. To be profitable providers of health care would want to set their prices for health care services at a level that the market would accept. By having many health care providers not one company could set their prices at a higher level and force citizens to pay. The price would need to stay at a level that would be the

most effective; providing the best health care to the largest amount of people at a price that the majority of people would be willing to pay. Both competition and choice would allow citizens to spend their own money in an environment where they could spend it wisely.

Another issue with the utilitarian set up of the current Canadian health care system is that it encourages people to be unconcerned with how much money their health care treatment costs. Although Canadian citizens do pay for their treatment through taxation, because they are not directly paying for it they often are under the impression that it is the government's money they are spending and not their own. Since the utilitarian mindset is to provide the best care for the most people those who use the health care system the most do not end up paying for it more, the cost is for the most part evenly distributed over the entire population. This raises two problems, the first as earlier discussed is that this is unfair; the government should not take money from one citizen against their will to help another, and secondly it creates citizens who will abuse the system since there is no economic discouragement for doing so (Friedman, 2001, p. 6). With a libertarian system both of these issues are resolved. No unfairness is created because each citizen would pay for their own health care and therefore no abuse of the system would occur.

The final issue that must be raised is Gammons Law. Max Gammon was a British physician who examined the British health care system and devised the following law "In a bureaucratic system, increase in expenditure will be matched by fall in production." (Gratzer, 2004, May) This law has gained acceptance by well respected economists including Milton Friedman (Friedman, 2001, p. 6). As the figures given

earlier have shown this law has been operating in Canada; the funding for health care has risen but the waiting times have still increased. The government response, giving more money, to the health care system's problems will not succeed. The bureaucratic nature of the system will always cause more money to be put into it with less results exiting from it.

It is clear that the large bureaucratic utilitarian health care system we current have is not working. It is financially unsustainable and not performing to the wishes of it's main stakeholder the Canadian citizen. A change to a libertarian system offers solutions to these problems. By allowing choice and competition, and not violating a persons rights by forcing them to give money to others a libertarian health care system offers a superior choice of system.

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