



# The Left Atrium

## Almost as good as it gets

The efficient society:

Why Canada is as close to utopia as it gets

Joseph Heath

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Is the adage that Canadians are merely unarmed Americans with health care true? What is it that accounts for Canada's ranking by the United Nations' Human Development Index as the best country in the world — well, now the third best — in which to live? According to professor of philosophy Joseph Heath, it is Canada's commitment to efficiency.

Aimed at the general public, Heath's book could be judged a lucid analysis of why Canada is (almost) as close to utopia as it gets or a misguided attempt to justify a hegemonic status quo. I suspect that such judgements will be made along ideologic lines (specifically, in accordance with whether one believes efficiency is maximized or minimized by government intervention). The allusion to ideology is relevant, for while Heath admits that efficiency as a central value is not an obvious choice, to examine the structure of our basic societal institutions is to see that traditional values based in religion and politics have been supplanted with an ethos of efficiency.

Heath incorporates diverse philosophical arguments and cultural examples to demonstrate that the construction of many of our social institutions obtains maximal results while minimizing waste. Although he covers a wide assortment of interesting topics, ranging from advertising to globalization to morality, I will focus here on his treatment of health care.

In Heath's view, the provision of universal health care insurance for Canadians has not resulted from a tenuous hybrid of capitalist and socialist economic arrangements, but from the

realization that a relatively centralized mechanism for the distribution of health care services is more efficient than the free market. The welfare system, he writes, "is a perfectly logical arrangement — one that is designed to promote the overall efficiency of our economy."

Comparing health care provision in the United States and Canada (i.e., private versus public insurance schemes), Heath argues that while both systems have inherent problems, the greatest level of well-being with respect to health is to be found in welfare, not market-based, economies.

Private and public insurance schemes are quite similar; the biggest difference, of course, is that private insurers are corporations and public insurers are governments. Under both systems, users contribute a premium that gains them access to services. However, what makes these systems so expensive is the consumption by some users of more health care than is covered by their monetary contribution (i.e., premiums in the US, taxes in Canada).

Because the insurer will pay for most services provided, under both systems there is an incentive for physicians to bill as much as possible. Moreover, there is an incentive for patients to "overconsume" health care because they are not directly respon-

ble for the cost. As a result, the cost of providing health care progressively escalates. Both systems are caught in a prisoner's dilemma: although costs would be best contained if physicians and patients accepted only necessary treatment, this works only if *all* physicians and patients comply. However, since there are personal advantages to providing or consuming more health care than necessary, a segment of the population will continue to misuse the system.

Heath argues that single-payer systems organized by government greatly reduce bureaucratic overhead and the moral hazard of "free riders" who overuse services. In the US, the massive overhead costs of keeping track of every intervention (along with the associated billing and payment processes) remove resources that could be spent on care. In Canada, Heath argues, since the

same agency is responsible for the billing and payment of services, there is no reason to divert resources toward, for instance, the micro-management of how many prescriptions or sutures each patient receives.

Heath also argues that by maintaining physicians

on a fee schedule, as opposed to letting the market establish the price of services, the Canadian health care system keeps the amount of gross domestic product spent on health care significantly lower than in the US. Additionally, such a system eliminates adverse selection problems that deny insurance coverage to people who consume a greater-than-average share of health care.

This is true to an extent. However,



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with the progressive delisting of medical services and the increasing prevalence of user fees in the Canadian health care system, the efficiency of the single-payer system is becoming more dilute. Moreover, recent data from the Organization for Economic Cooperation and Development shows that, in 1999, 29.4% of health care expenditures by Canadian patients were made in the private sector.

I would contend that the debate surrounding health policy reform too often results in a forced choice between Canadian and American systems and ignores the fact that there are other options. In Sweden and Britain, for example, partnerships with private corporations and market-mediated mechanisms such as competition within public health care systems have resulted in greater efficiency (e.g.,

shorter waiting lists and reduction of operating costs).

Heath does not deny that private and public systems both suffer from problems that affect efficiency. What he wants to argue is that there is no good reason to think that private-sector bureaucracies are more efficient than public-sector bureaucracies. Given the prospect of market failure and the possibility of uninsured individuals, we are better served by health care organized by big government than by big business.

This is a well written and enjoyable book peppered with insightful (and quite humorous) anecdotes and observations from everyday life. Many will find Heath's ability to translate what could be difficult concepts into a popularist account helpful. Accessible yet thought-provoking, it provides an interesting account of how a secular

value like efficiency can underpin a society. Many people will not share Heath's belief that the efficiency of a democratic welfare state provides Canadians with the best prospect for attaining the highest quality of life possible. However, Heath has certainly provided a plausible and coherent argument that deserves to be examined further. That being said, wherever one stands in relation to Heath's position, the existence of ever-growing waiting lists, crowded emergency rooms and other "funding crises" certainly challenges the belief that Canada's health care system is truly as efficient or as close to utopia as it gets.

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