



## IS SOCIALIZED MEDICINE A SACRED COW ?

--- By Murray Hopper

(Mr. Hopper is a founding member of Freedom Party, now in charge of special projects.)

Medicare in Canada has become the object of a national shouting-match: federal politicians bicker back and forth with their provincial counterparts about the sharing of ever-escalating costs; the health care bureaucracy and the man in the street castigate the 'wicked' doctors for daring to extra-bill or require user fees; doctors, in their turn, resent growing government intrusion into matters medical; and above all the chaos, hell-bent for election and re-election on their white medicare chargers, ride politicians of every party who advocate further coercive legislation, seek to paper over the cracks, end the tumult, and restore domestic tranquility.

Don't hold your breath, friends.

Seldom has so much heat generated so little light. Thanks to government propaganda over the years, any rational examination of the basic flaws in our healthcare system is precluded. Since the founding principles of medicare (universality, portability, comprehensiveness, and public administration) have been elevated to the status of holy writ (the 'Four Commandments'?), no politician dares question them. Among them is Brian Mulroney who is tip-toeing through the medicare minefield, smiling a lot and saying nothing --- since he has no reasonable alternative.

What happened to the perceived bright promise of just twenty years ago? Canadians were to have been freed forever, by the actions of a wise, humane, and benevolent government, from all worries about healthcare. It hasn't happened; the

whole system is breaking down. What is to be done?

The bureaucrats, of course, have their answer ready: a continuation and expansion of the present state monopoly, with the full force of government used to make doctors toe the line.

Writing in the Globe and Mail, Mr. Jonathan Lomas, a health policy analyst at McMaster University, attacked what he perceived to be the ailing credibility of doctors. He made, among others, the following points:

(1) That the profession has failed in its duty to protect the public interest;

(2) That (then) Health Minister Larry Grossman was forced to impose on the profession, for the first time in history, a regulation governing conduct;

(3) That doctors should not complain about any perceived threat to their status as independent businessmen;

(4) That the College of Physicians and Surgeons was remiss in excluding certain foreign-trained doctors from practising in Ontario.

These four examples illustrate a frightening encroachment of the civil power on the medical profession.

Mr. Lomas manages to refer to the 'public interest' twelve times in the course of his article, perhaps hoping by repetition to give some weight or meaning to this tired old collectivist term and of course, failing to do so. There is, in fact, no 'public interest' binding upon

*To those who consent, no injustice is done*



doctors; their obligation is solely to their patients, surely a private matter, both by custom and by law.

As to the conduct regulation imposed by law, one is reminded of the story of the polite thief who, having asked his intended victim nicely for the money and having been refused, was obliged to bring out his gun to close the deal! And what are we to think of a health policy analyst (not a doctor) whose judgement, even in medical matters, is considered superior to that of the physician?

Mr. Lomas has indeed elevated pipsqueakery to a high art.

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### **One is reminded of the story of the polite thief.**

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On the other hand, Dr. Duncan McEwan, an independent medical care analyst writing in Health Management Forum as long ago as the Spring of 1980, identified twelve realities of medicare as follows:

(1) Even in a democracy, a government monopoly of health services will produce totalitarian results: a centralized bureaucracy providing less and less service at greater and greater cost, to the increasing dissatisfaction of all concerned.

(2) Demand becomes infinite as patients equate a perceived need with a true need.

(3) Public clamour does not indicate true need but is simply the predictable result of the state undertaking to cover everyone for everything regardless of cost.

(4) As infinite demand presses against finite resources, rationing becomes the inevitable result.

(5) Since most of the benefits of the present system go to the bureaucracies and to that great majority of Canadians who are well able to pay their ordinary health-care costs, less resources are left for the truly needy.

(6) Health care delivery becomes a power struggle, with the politicians and bureaucrats who control the system gaining ascendancy by manipulation of public

opinion and avoidance of critical issues, over those who provide the services that make the system possible.

(7) Health care managers must convince governing boards and physicians of the necessity of local, efficient management, including peer review in relation to hospital admissions, hospital utilization, length of stay, and turnover interval.

(8) Although government intervention and presence in the health care field will continue, it is important to reintroduce some measure of the marketplace through the development of sundry private health care mechanisms.

(9) Professionals of great technical skill may be grossly incompetent to measure the true outcome of their endeavours as these impact upon resource allocation, priorities, and costs.

(10) Health care managers should always assume that a new treatment is ineffective unless there is evidence to the contrary.

(11) The burden of proof for new resource allocation must always lie with those who seek it.

(12) Managers and decision makers should not be too easily impressed by 'conclusions' from 'studies' by technical performers, but should require properly designed studies which would eliminate subjective judgement, personal bias, improper controls and the like.

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His conclusions: The major defects of Canadian Medicare, fostered by ill-considered legislation, are: wasteful use of existing resources; excessive use of hospital facilities; and demand for programs, gadgets, and other facilities of unproven value. The public must realize that blanket medicare by government is but an illusion. The unchecked demand for total coverage will preclude proper coverage in times of catastrophe.



In the United States, too, medicare is failing. Riddled by fraud, waste, and abuse to the tune of \$7 billion or more annually, the program that serves 26 million elderly Americans is going broke. In 1983, costs were approximately \$57.3 billion, up 30% from the two previous years alone. 1983 projections indicated that between 1984 and 1990 costs would double from \$65 billion to \$130 billion. Already 10% of the American G.N.P. goes to the health care industry. Although attempts are being made to contain costs, success is elusive, and predictions of great problems for American seniors are the order of the day.

One bright spot in the overall medical scene is the appearance of private 'emergicare' clinics, which deal with relatively minor emergencies (fractures, cuts, bruises, etc.) at about half the fees of hospital emergency facilities, leaving the latter free to deal with life-threatening situations.

In addition to the viewpoints of Mr. Lomas and Dr. McEwan, there is a third possibility: a completely private, voluntary system.

First, consider the benefits of the marketplace transaction, where the user of a service pays for it.

- (1) It links producers to beneficiaries.
- (2) It provides incentives to reduce waste.
- (3) It gives information as to what users are willing to pay.
- (4) It saves in tax revenues.
- (5) It introduces competition.

The essentials of a rational medicare system are three, and three only: (1) a doctor; (2) a patient; (3) a marketplace. With all political presences removed, the citizens of a community would retain all the dollars formerly consumed by taxation.

These dollars would be available for the purchase of needed medical care, for investment in hospital bonds, for donations to medical research, and the like, by free choice, as each individual sees fit. At one stroke, all the costly, wasteful, meddlesome bureaucracies would be swept away and local control firmly established.

But, you may say, wouldn't medical care vary somewhat from place to place?

Of course it would, and rightly so! Since the people in a given area would have exactly the level of medical services that they choose to pay for, such levels would become just one item in the mix of perceived benefits and drawbacks of living in a particular area. A healthy young miner in Kapuskasing would not be too concerned about a lower level of medical services, whereas an elderly man with a heart condition might choose to live in London, close to its University Hospital. In any case, such decisions must remain the subject of free choice by each individual.

It has generally been considered that, in normal times at least, 19 out of 20 people would be ready, willing, and able to pay their day-to-day medical costs. (Incidentally, if it were possible to discover the identity of the bureaucrat who first proposed that this group need not pay, we might arrange a suitable recognition of his genius by, say, giving him a career posting to Frobisher Bay, or perhaps a reverse knighthood.) In any event, surely the 95% mentioned above would have no great difficulty in finding a reasonable, voluntary means of supporting the 5%.

But, you will say, surely medical care must be a matter of right rather than charity. Not so; no right can exist which violates the rights of others. Let us examine how state control destroys rights:





(1) When all are forced to participate, freedom of choice and freedom of association are denied;

(2) When tax dollars are taken without consent, property rights are violated;

(3) When the Christian opposed to abortion is forced to subsidize it, freedom of religion is abridged.

It seems then, that we have three choices:

(1) State medicine, a government monopoly which destroys rights

(collectivism);

(2) A "mixed" system which attempts to find a "balance" between the destruction of individual rights and the efficient delivery of health care --- and which will always lead to state medicine (pragmatism);

(3) A completely free-market system which does not destroy rights (individualism).

Collectivism, pragmatism or individualism; only one is consistent with the ideals of a free society.

## SUPPLY AND DEMAND FOR KIDNEYS

--- By Walter Block

*(Dr. Block is senior economist at the Vancouver-based Fraser Institute. The article below originally appeared in a January 1987 edition of the Financial Post.)*

According to recent reports, the black-market value of a kidney which can be transplanted is about \$13,000 --- which translates to roughly seven times its weight in gold.

Behind this rather dramatic way of characterizing the value of human organs lies a story of untold and tragic human suffering.

There are thousands of Canadians whose lives could be vastly improved could they but have the use of a healthy kidney. Paradoxically, there are other thousands of people who die each year, taking perfectly healthy kidneys to the grave with them, who have no financial incentive at all to bequeath these organs to those in need.

Why can't potential donors be given a pecuniary reward for doing the right thing? That is, what precludes a businessman from purchasing the future rights to a kidney from potential donors, and then selling these items to those suffering from kidney disease?

The problem is, it is illegal to harness marketplace incentives to encourage kidney donors. Anyone who set up a business of this sort would be summarily imprisoned.

Instead, our society must resort to all sort of inefficient stratagems toward this end. Famous personages have exhorted us, if we suffer untimely death, to make a posthumous gift of these organs. Medical schools coach their students on the best techniques for approaching next-of-kin; the difficulty is that they must ask permission at the precise time when they are least likely to be given it --- on the sudden demise of a loved one.

All of this has been to little avail. While potential recipients languish on painful kidney dialysis machines waiting ghoulishly for a traffic fatality which may spell life for them, the public has refused to sign cards in sufficient numbers giving permission for automatic posthumous-donor status. There are even grotesque and fascistic plans now being bruited that would allow the government to seize the kidneys of accident victims unless they have signed cards denying such permission.

A legalized marketplace could encourage thousands of donors. Would you sign a card donating your kidney after death for 13,000 big ones, right now? There are few people who would turn up their noses at such an offer.

And if sufficient supplies were still not forthcoming at this level, prices would rise even further until all demand was



satisfied. Nor is there a danger that prices would rise so high as to be out of reach for those in need. For one thing, transplantable organs are now very difficult to come by. For another, any incipient price rise would be met by an increase in supply, and this would tend to moderate the upward movement.

Those responsible for preventing a free market in kidneys do so with the noblest of motives. To them, legalizing the purchase and sale of human organs would be the ultimate in degradation. Far better, in their view, that people donate

their bodily parts free. However, no matter how benevolent the intentions of the prohibitionists, it cannot be denied that the effect of their actions is to render it less likely that those in need shall be served.

It is long past time for our society to put aside its archaic and prejudicial opposition to the marketplace, so that we can relieve the suffering and, in many cases, lift the death sentence we have inadvertently placed on many of our citizens.

## INFLATION AND INTEREST RATES

— By William Frampton

(Mr. Frampton is Freedom Party's Regional Chairman, of Metro Toronto.)

By now everyone has probably heard the media report that interest rates are being increased "to fight inflation". This explanation of high interest rates is based on a misunderstanding of the relation between inflation and interest rates.

Inflation is defined as "an increase in the volume of money and credit relative to available goods resulting in a substantial and available rise in the general price level". Since interest rates do not play any role in the process of inflation, there is no such thing as using interest rates to restrain it. On the contrary, rising interest rates are merely an indication that inflation is under way.

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**The government's policy of inflation is responsible for the high interest rates.**

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This can easily be seen if we understand the nature and origin of interest. Interest is the difference between the value of money now and at some time in the future. In a country that is not suffering from inflation, \$1000 will buy the same quantity of goods and services one year hence as it will today. A man who has \$1000 of spare cash can

either spend it now or save it to spend in the future.

Very few people would forego \$1000 worth of consumption today simply to postpone the same purchases for one year. However most will do so if they will have \$1040, \$1060 or some similar amount available then. They will only save the money if they stand to gain a greater amount by doing so. The prevailing interest rate will be the rate people will accept in return for postponing discretionary consumption.

In the world of inflation things are slightly more complicated. Since people will not save money unless they think they can gain by doing so, the interest rate they can earn by saving must exceed the prevailing inflation rate. Otherwise they will have no incentive to save and invest money for the future. The real interest rate on a loan is the difference between the interest rate charged and the inflation rate. Historically the real interest rate has averaged three per cent.

When inflation is increasing interest rates must soon follow or no one will make loans available. Thus increasing interest rates are an inevitable consequence of inflation.

It follows that countries with high rates of inflation will also have high



interest rates, while those with lower rates of inflation have lower interest rates. Switzerland, which has had less inflation than almost any other Western country, has very low interest rates compared to other countries. As recently as last year a homebuyer in Switzerland could get a five year mortgage for between 5 and 5.5 per cent.

Since it does not make sense to claim that high interest rates are being used to fight inflation, why do we keep hearing this? The answer is simply that this fable takes the heat off public officials.

## CONSENSUAL RAPE?

--- By Greg Jones

(Mr. Jones is a member of the Freedom Party of Ontario.)

One of the most outrageous definitions of "rape" I've ever encountered was the one promoted by a local London feminist, well-known for her advocacy of government hand-outs to "women's" groups and her advocacy of censorship. Gail Hutchinson tells us that she considers a woman to have been raped if she has sex with her boyfriend because he may threaten to end the relationship otherwise. According to Hutchinson, the woman's "freedom of choice is threatened and therefore she has sex against her will".

It is clear that Hutchinson has never learned the meaning of the concepts "freedom of choice", "force" and "consent". To equate a woman agreeing to sleep with a man to prevent his breaking off a relationship with the genuine, hideous crime of subduing a woman and having sexual intercourse by means of physical force is the most absurd thing I have ever heard anyone suggest. Yet, it is a view popularly shared by other feminists and feminist groups both in Canada and in the United States.

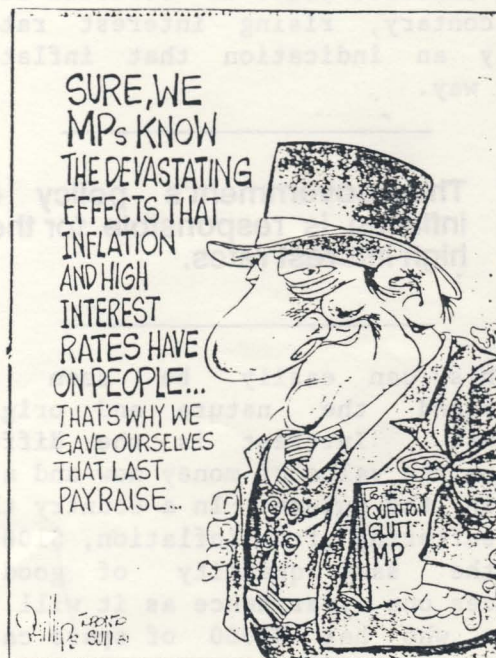
The controversy over "date rape" with which this viewpoint was compared, is an entirely different matter, hinging on the objective criteria of whether there was physical force used, whether the woman offered resistance, clearly voiced her objections, etc. In the absence of evidence based on these criteria, the

If people recognized that the government's policy of inflating the currency is responsible for the high interest rates, they would demand that this policy be stopped. If they believe rising rates will reduce inflation, however, unusually-high interest rates will be easier to accept.

It is understandable that our politicians continually promote economic fables to justify so many of their policies. If the public truly understood what they were doing, they would likely become unelectable.

choice of a woman whether to have sex with her boyfriend has nothing to do with rape.

Any relationship between two people, whether personal or business, represents nothing more than a mutually beneficial agreement. This may seem a harsh, analytical way to look at it, but exactly what else is it? When you spend time with someone you care about, you do it because you enjoy each other's company, for reasons that are very personal and differ between every person in the world. When one of the partners makes requests unacceptable to the other, the relationship is, by definition, over.





A woman faced with the choice of sleeping with a man to continue their relationship has an option: she can agree with his request, or she can break with him. She may have a hard choice to make. She must decide whether he means enough to her to agree to his request or whether he's asking too much of her. Note carefully that her consent is required: no rape has occurred.

In contrast, a woman faced with a real rape situation has no good option; she either surrenders to her attacker or risks physical harm. Even if she submits, there is no guarantee that she will not be harmed. How dare Hutchinson make a

comparison between these totally different situations?

I don't believe there is a "right" or "wrong" answer for any woman faced with the dilemma to have sex or not. This is an intensely personal decision that every woman (and man!) must answer themselves, taking into account the risk that their decision may destroy their friendship--- and the chance that the added dimension to the relationship may add inestimable value and intimacy. But I resent feminists like Gail Hutchinson imposing their views on such an intimate subject, and I am incensed that they would even dare to make a comparison between this matter and rape.

## MARCHERS TOWARDS POVERTY

--- By Robert Metz

*(Mr. Metz is president and leader of Freedom Party.)*

The spring of 1989 saw a truly hopeless spectacle: hundreds of marchers trekking from Windsor to Queen's Park in Toronto in what was being billed a "March Against Poverty". Their objective? To persuade the Peterson government to increase its spending on social welfare programs in an attempt to "eradicate" poverty.

Fully aware of our provincial deficit, but entirely ignorant of its implications, the poverty marchers nevertheless demonstrated how committed people can be to a cause --- even if its goals are obviously self-destructive.

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**The "public trough" can only be filled with private wealth.**

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Two of the poverty marchers, in an attempt to address charges that they were being "irresponsible" by calling for increased government spending at a time when deficits are at an all-time high, actually went out of their way to demonstrate their irresponsibility --- and the fundamentally flawed philosophy that motivates them.

In a letter to the editor titled "Marchers want poverty eradicated", "poverty marchers" Paul Connolly and Roy Ratkov wrote: "Quite frankly, the poor don't give a hoot about Premier David Peterson's deficit. ...Rather, they have seen Liberals, and Conservatives before them, for decades leading their country-club friends to the public trough where they've gorged themselves on the wealth created by hard-working Ontarians. ...(We) recognize that poverty is a crime perpetrated upon the innocent and weak... For our part, we will shed no tears if, in order to implement phase one of the Thomson report, the government must tax the rich out of existence or compel corporations to pay their share."

While I can sympathize with their frustration and anger concerning politicians' "leading their country-club friends to the public trough where they've gorged themselves on the wealth created by hard-working Ontarians," to suggest leading the poor to that same "public trough" is nothing less than suicidal, and certainly does not justify anyone else being allowed to gorge the wealth created by hard-working Ontarians.

Fact is, the "public trough" can only be filled with private wealth, and most of that wealth comes from the very people the



"poverty marchers" would "tax out of existence". When the rich no longer exist, the public trough will have to be filled with the wealth created by hard-working Ontarians who aren't rich --- and who simply won't be able to afford it. Then what tune will the poor be marching to?

It is the height of economic and social ignorance to suggest that "poverty is a crime perpetrated upon the innocent and the weak". Murder is a crime. Stealing is a crime. Misrepresentation and fraud are crimes. But poverty is merely an economic condition---presumably a temporary one --- not a crime. If one man works hard to become a success while another chooses not to, one will become wealthy while the other will certainly remain poor. But where's the "crime"? Who's the perpetrator? Who's the victim?

Poverty afflicts not only the "innocent and weak" (a small minority) but also the ignorant, incompetent, and lazy. To assert that poverty is a crime---regardless of who it happens to or why---is the real crime being perpetrated.

Those who use this argument are playing upon people's natural compassion to help the "innocent and weak" to justify a welfare system that will ultimately destroy the strong and healthy. When that happens, how will anyone be able to help anyone else?

As past U.S. Secretary-Treasurer William Simon so eloquently put it: "The concept that 'wealth is theft' must be repudiated. A society taught to perceive producers as criminals will end up by destroying its productive processes. One must be taught to understand the relationship between (these processes), and poverty."

The poverty marchers have made it abundantly clear that they don't want to know any of this. By their own admission, they simply don't "give a hoot". But self-imposed ignorance does not make one "innocent".

By sticking to their victim mentality, and by using the "innocent and weak" to justify their objectives, the poverty marchers are marching towards poverty---for all of us --- not away from it.



*I agree with you that there is a natural aristocracy among men. The grounds of this are virtue and talents. --- Thomas Jefferson*

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